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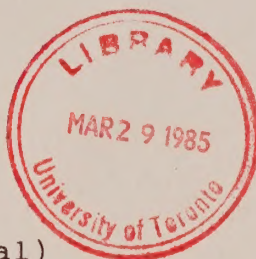
FIRST MINISTERS' CONFERENCE
ON
THE ECONOMY

800/19/004
Government
Publications

CONFÉRENCE DES PREMIERS MINISTRES
SUR L'ECONOMIE

VERBATIM TRANSCRIPT

(unrevised and unofficial)



COMPTE RENDU TEXTUEL


(non révisé et non officiel)

Regina
February 14 and 15, 1985



Régina
Les 14 et 15 février 1985

Canadian Intergovernmental Conference Secretariat • Secrétariat des conférences intergouvernementales canadiennes



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Prepared by the

Rédigé par le

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Morning Session of
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du 14 février 1985

Regina
February 14 and 15, 1985

Regina
Les 14 et 15 février 1985

--- 9:00a.m. - 09h00

THE CHAIRMAN/LE PRESIDENT (The Right Hon. Brian Mulroney, Prime Minister, Canada/Le très honorable Brian Mulroney, Premier ministre, Canada): Colleagues, I understand that some of the delegates may have had a little difficulty getting away from the hotel this morning due to some meetings and so if it is all right with you inasmuch as it is the opening session perhaps we could wait for five minutes and then get underway just as soon as the other delegation arrives. Is that agreeable? Okay.

THE CHAIRMAN/LE PRESIDENT: I am informed the meetings, the other meetings to which I referred are over and the delegation ... et que la délégation québécoise serait ici dans peu de temps mais je pense qu'il y aura lieu pour nous de commencer et, messieurs les premiers ministres ...

The conference is called to order. It is a great pleasure being here in Regina to open the First Ministers' Conference on the economy. It is the first such conference to be held in Western Canada since the Constitutional Conference held in Victoria 14 years ago. Conferences of First Ministers have almost always been held in Ottawa in the past. In recognition of our regional diversity major federal-provincial meetings should in my judgment not only be held in the nation's capital. Indeed I think in the future we should be making an effort to look to the regions to host these kinds of meetings which are so important.

It is my pleasure as Chairman of the First Ministers' Conference to welcome amongst us the new Premier of Ontario, the Honourable Frank Miller. I take special delight in welcoming youngsters and newcomers to this and I take the opportunity as well to thank Premier Lee who was Chairman of the annual Premiers' Conference who has very ably assisted in the planning of this entire exercise.

We have four important items on the agenda all of which were agreed to by us meeting in Meech Lake: attracting and encouraging new investment to help create jobs, upgrading the skills of our citizens, regional economic development opportunities based on the strengths of each region and improving the competitiveness and marketing of our goods and services. As you all know, Judge Abella reminded us yet again in her recent report on equality in employment of the importance of achieving economic equality among women and men as a principle of fairness

for our nation. I subscribe to that principle. I hope, therefore, that we will also consider new ways of enhancing the participation of women in the economy throughout our discussions but perhaps particularly when we focus on labour market issues as we shall later on today. So I think we will be holding four public sessions, at least four. We met for a very productive meeting last evening for three hours and we will probably be meeting for lunches and dinners throughout. There will be at least four public sessions today and tomorrow and on behalf of the federal government I thank my colleagues for agreeing to this conference here because it provides us with the ideal forum to determine the best way to get Canada squarely on the road to economic renewal.

I have a formal statement which I would like to table. I stand by every word of it but, as I promised my colleagues last night, I won't inflict the reading of it upon you today. To ensure that we get down to business as quickly as we can I would like to take only a few minutes to outline briefly from my perspective the new direction I believe we ought to be taking together before opening discussions on our first agenda item: investment.

L'objectif fondamental du nouveau gouvernement, ça se résume essentiellement dans les mots réconciliation nationale et renouveau économique. A l'occasion d'un engagement que j'avais fait dans mon comté de Manicouagan, dans la ville de Sept-Iles au mois d'août, je parlais de la possibilité pour nous tous d'insuffler un nouvel esprit au fédéralisme.

Pour la première fois depuis maintenant deux décennies, le gouvernement du Canada représente toutes les régions du pays et détient un mandat clair, celui du changement. Depuis le 4 septembre, nous avons relancé et intensifié les consultations régulières entre le gouvernement fédéral et les provinces et je parle tout d'abord de notre réunion initiale fructueuse du lac Meech, suivie des rencontres de nos ministres pour préparer cette conférence et des douzaines, et des douzaines d'autres réunions traitant de problèmes majeurs, économiques et autres.

Qu'avons-nous fait ensemble depuis cinq mois pour faciliter l'entreprise importante de concertation que nous engageons aujourd'hui? Effectivement, nous avons fait beaucoup. La liste d'ententes s'allonge et il y aura peut-être lieu de nous y arrêter quelques instants aujourd'hui.

The introduction of the Investment Canada Bill to replace FIRA, an important step taken together. Cancellation of the Sports Pool which intruded directly upon provincial jurisdiction. The petroleum tax rebates, for primary resource industries, payments to agricultural producers through federal-provincial crop insurance programs, payments to grain producers under western Grain Stabilization Act, the establishment of draught assistance programs with the Prairie provinces, the signing of the Skagit Agreement with the US and hydro exports from B.C., the signing of the Pacific Salmon Treaty with the U.S., upgrading of Canadian Coast Guard search and rescue facilities on the west coast, reduction of interest rates and certain Farm Credit Corporation loans to provinces, negotiations and signing of economic and regional development agreements, ERDAS with Ontario, Quebec and British Columbia, the confirmation of federal commitment to Atlantic freight rate subsidies, the signing of the Off-shore Development Fund Agreement with Nova Scotia, ERDA subagreement on tourism with Prince Edward Island, decisions to maintain an important Armed Forces presence at Chatham, New Brunswick which was so vital to the economic lifeline of the Miramichi and its impact on northern New Brunswick and for which Premier Hatfield fought so long and so well, a short-term assistance to Petromont pending outcome of pricing discussions with western provinces, three ERDA subagreements with Quebec on tourism, industrial development and communications, the signing of three ERDA subagreements with Ontario on development planning, forestry and tourism, an agreement on funding of a French language network for TVOntario and the Atlantic accord on Monday of this week with Newfoundland and Labrador and I suggest to you, colleagues, that that accord, in my judgment, had at least

as much to do with the question of dignity and fair treatment for Newfoundland as it did with barrels of oil.

This list is far from exhaustive, but it is a start.

Nous sommes loin d'avoir réglé tous les problèmes mais nous avons fait avancer plusieurs dossiers importants ensemble dans un esprit de collaboration et nous avons, ensemble, éliminé un certain nombre d'irritants dont certains qui persistent maintenant depuis belle lurette. Et, surtout, nous avons commencé à appliquer ensemble une nouvelle façon de traiter entre gouvernements qui recherchent activement le consensus et évitent, cherchent à éviter du moins, les confrontations stériles.

Je présiderais, à Ottawa, les 22 et 23 mars, la Conférence nationale économique qui aura pour effet de regrouper un large éventail de représentants de divers organismes patronaux et syndicaux, de groupements de femmes, de consommateurs et d'organisation autochtones.

Ce style de leadership et cette façon de gouverner est en partie ce qui a amené les canadiens et les canadiennes à supporter une nouvelle option politique le 4 septembre dernier. A mon sens, nous ne pouvons pas relancer l'économie au Canada sans renouveler le fédéralisme. Certains disent que nous perdons notre temps en consultant les provinces, le patronat, les syndicats et les citoyens.

Pour nous, messieurs les premiers ministres, consacrer quelques mois à la consultation entre gouvernements et avec la population, ce n'est pas perdre notre temps. La recherche du consensus dans un état fédéral, la recherche du consensus n'est pas un signe de faiblesse. Au contraire, c'est l'épreuve de force par excellence.

Just as we must work together in this country and we have begun that process together to achieve economic renewal based on our regional strengths and our unique capacities as a nation, so must we work effectively with our international partners. The federal government will be participating over the next three months in several international meetings which is why, among other reasons, this particular meeting of ours today is so timely and I hope helpful.

There was upcoming my meeting with President Reagan in Quebec City on St. Patrick's Day . You won't begrudge me that one. In April, the Right Honourable Joe Clark and Michael Wilson will participate in the annual OECD meeting and in May I will be representing Canada at the International Summit of the seven industrialized nations in Bonn.

At all of these international meetings we shall attempt on behalf of Canada to harmonize different economic prescriptions and recommendations for recovery emanating from this conference and from others into a common and coherent national policy and we will take it there and articulate on behalf of Canada.

This conference shall then play an important role in allowing us to build on these economic strengths of our regions whose union lends authority and legitimacy to our common objective.

Le ministre fédéral des finances a examiné avec ses collègues provinciaux, lors de leur réunion du 15 janvier, l'état actuel de l'économie canadienne ainsi que la situation financière de nos gouvernements.

Cette analyse en profondeur doit nécessairement constituer le point de départ essentiel de notre examen de l'économie et j'aimerais le déposer pour notre gouverne. Ce document montre également l'ampleur ainsi que la gravité de la récession que nous venons de subir et le rythme hésitant et inégal de la reprise.

Il est important de comprendre pourquoi les choses se sont passées ainsi. Le Canada était devenu un pays où il était difficile de faire des affaires, les investisseurs ne s'y sentaient pas bienvenus; les consommateurs et les entreprises perdaient confiance en notre potentiel économique. Le secteur privé et, en particulier, la petite entreprise, la PME, n'était pas suffisamment reconnue comme moteur de la croissance économique. Le milieu des affaires étouffait sous le fardeau d'une réglementation excessive. D'interminables problèmes opposaient le gouvernement fédéral aux provinces.

Bref, je pense de façon -- je l'espère du moins -- objective, les principaux partenaires économiques du Canada se nuisaient parfois les uns aux autres au lieu de s'employer ensemble à tirer le pays de la récession et pour l'engager sur la voie d'une reprise stable et durable.

So let us take a second to consider where we are today. Our real economic growth is expected to be modest in 1985. While inflation is falling dramatically and is projected to stabilize or fall further this year, unemployment rates remain unacceptably high as do real interest rates. The size of the federal deficit has much to do with the state of affairs and these are the prospects that we face today and they simply are not good enough. There is no question about that. This country is capable of much greater things and Canadians, and particularly the country's unemployed deserve a lot better. International competitiveness is an absolute necessity if we wish to achieve lasting economic renewal. The time has gone when people will buy Canadian products on international markets because of the cut of our jib or the colour of our eyes. They are going to buy our products simply if they are of good quality and saleable at internationally competitive prices and if they don't buy our products we have lost jobs and we will be getting into that a little later on, but there is a direct tie-in to that and our unemployment situation. And I am glad that the Premiers insisted that a full session be devoted to that concept of international trade which in many ways speaks to lost trade, a lost percentage of trade of the world markets that have been declining now over 15 years.

So in today's tough international environment governments can no longer rely on the same old remedies to cure a sick economy. We cannot live indefinitely beyond our means. We simply can't spend our way into any kind of sustained recovery.

Governments can no longer afford simply to do more, they must do better and doing better sometimes implies doing less.

Our first step then to the road to economic renewal is to work toward effective co-operation between the federal government and the provinces and I can't think of a better way of putting it than this: we want your help. We need your help because together we can accomplish things that apart will always escape us. I think that is important in a federal state. I think that is a condition precedent to the progress that we need.

The next crucial step is of course for the federal government to set its own house in order. The broad goals set out last November by Mr. Wilson are consistent with the elements of a strategy for sustained economic growth you the Premiers arrived at at your own conference in Charlottetown last August. I can assure you that I think this is neither a matter of accident nor coincidence. At the Premiers' Conference you included in your strategy the need to create a positive climate, a new climate of federal-provincial co-operation. You talked about educating and training Canadians to ensure that they have the skills to participate in a rapidly changing economy. You underlined the need to remove unnecessary obstacles to investments from abroad and many of you have done a great deal about that and we are pursuing the same goals. In Mr. Wilson's statement of the 8th of November the integrity of which will be defended throughout our mandate, including the budget of this spring we are pursuing the same objectives and you also as Premiers emphasized the need in your communiqué to the conference to control government deficits and we are determined to control our own. I stress the

need for a new and positive federal-provincial approach to economic development, one that recognizes in a realistic way disparities, potentials, strengths and differences among provinces. The new federal approach to economic development springs by and large from similar concerns.

Finally to underline the importance of federal-provincial co-operation to promote economic growth and create permanent jobs for Canadians. So what do Canadians expect from us? Canadians are realistic and they don't expect any miracles, but what do they expect from us as leaders and what do we have to try and provide? I think it is our duty as First Ministers here in Regina to give Canadians a clear sense of what we should do to achieve economic renewal. It is up to us at this point to move this complex process forward, to make the key decisions that only we as First Ministers can make.

At the end of this conference we should be in a position, I hope, to give clear and consistent directions to our respective Ministers in regard to the manner in which we hope to move the process along. All Canadians want from their governments is harmony and consistency. What investors require from governments is predictability. What business needs from governments is stability. Foreign investors and foreign governments are watching with great interest how we adapt internally, how we are going to deal with the structural deficiencies in our economy that have grown up over 15 or 20 years of pretty easy living and what our partners abroad hope from

Canada is reliability and adaptability to the challenges. Above all, most Canadians who have lost their jobs, the men and women who want to rejoin Canada's labour force, the young people who yearn to be productively employed expect their First Ministers to get their own priorities right. What Canadian workers want is the opportunity to work. It is my hope that in the years to come the Regina Conference of First Ministers, if anyone cares to look back on it, will in some modest way be known as the conference of opportunity.

En ce qui concerne l'agenda de nos délibérations, l'item numéro 1 sur notre agenda, tel que convenu entre nous il y a quelques mois, c'est l'investissement.

Nous avons convenu de discuter d'abord de cette dimension capitale. Personne autour de cette table n'a besoin d'être persuadé du rôle essentiel des investissements dans la réalisation d'un renouveau économique.

Monsieur Wilson et ses collègues ont préparé un document de travail dans lequel il a analysé la performance décevante du Canada dans ce domaine et il propose des moyens de l'améliorer. Il a examiné ce document avec ses collègues provinciaux, des conférences structurées pourront en tenir compte et on me dit que l'accueil de ses collègues a été assez favorable.

Le document, effectivement, a été révisé en conséquence pour tenir compte des observations et des points de vue, points de principe de ses collègues provinciaux. J'aimerais maintenant le déposer comme instrument de travail.

The paper identifies five key policy directions to meet this challenge which you may want to consider and I am sure you will in our deliberations this morning. Creating a renewed climate of confidence by reducing government deficits thus relieving pressure on interest rates, establishing a framework for growth and job creation by reducing unnecessary regulation and allowing market forces to play a greater role in determining the allocation of investment resources, working towards restoring the financial health of the corporate sector Canadian balance sheets are in bad shape carrying too much debt. They are under-capitalized. There is an absence of the availability of job-creating equity capital. These are serious matters that can only be dealt with by both orders of government Undertaking jointly a review of investment incentives and the taxation system, promoting with renewed vigour Canada's small business sector in five key areas: small business environment, management skills, finance, marketing, information and services. These are all matters which provincial governments have asked to be discussed at length and I think that we can all benefit from the observations around this table as to how we can improve a vital area of our national growth. So I therefore, colleagues, not in any structured way, but I think we agreed last night that we would play it by ear. We get in and out of these discussions as you all felt appropriate. So I therefore invite your comments but before I do may I

begin by inviting Premier Devine to comment? I want on your behalf to thank Premier Devine and to thank the people of Saskatchewan both for the tremendous warmth of their welcome and for the excellence of the conference arrangements that we see today. So my thanks to Premier Devine. I ask him for his observations.

HON. G. DEVINE (Premier, Saskatchewan):

Thank you very much, Mr. Prime Minister. Mr. Chairman, fellow Premiers, and ladies and gentlemen, I want to extend my warm welcome to our newest colleague Frank Miller, Premier Miller. Thank you very much for joining us here in Regina. Congratulations.

I would like to say that the people of Saskatchewan, we warmly welcome everybody here. We are delighted that you have decided to come to our province. The weather is always like this and we want you to know that it is sunny, clean and it is very, very friendly. I want to say as well that I believe, Mr. Prime Minister, that the Regina Valentine's Party as it may be called might go down in history as a time when the country turned the corner and I believe the kinds of things that we will discuss today and tomorrow can have that kind of an impact. I am going to extend a few words of welcome and then I am going to get into investment and we can pursue it at that time. First of all I would like to congratulate you, Mr. Chairman, specifically for agreeing to hold this conference outside of Ottawa. This symbolic gesture to me is very meaningful, not only for people in Regina, but for people all across Canada. The fact that we are going

to be discussing things that are extremely important to us as Canadians and particularly how do we get people to work and keep them working in the short run and the long run and what are all the tools we can use and we are doing it outside the capital? It is a tremendous source of energy that I feel because we didn't all have to truck back into the capital. Not that I don't like the capital, but I also like Saskatchewan and I also like British Columbia and I also like Newfoundland and I think it is just great that you have decided to hold the meeting out here. I think because it is here and because of the attitude that I see and feel among my colleagues here the conference is well on its way to being a success and you deserve much of the credit for that.

You are also to be commended and I take the time to note the historic agreement that you signed with Newfoundland and I congratulate you both. I think it is more than an economic agreement and it is more than just oil. It is hope and from what I can see looking back at the history of Saskatchewan people fighting for their rights it is something that was long overdue and I look forward to other agreements locally and inter-provincially and so forth.

Finally I would like to congratulate you, and I say this in all sincerity as well, on what you are doing to Canadians internationally. I say that because I have just returned and I believe several others have from various other countries and the image of other people about Canada is improving daily. As a result of you doing some of the things that you have just announced or

you have just reminded us of the image of Canadians as friendly people, of folks that would like to do business and say, "Come on over to my house because I have got the coffee pot on" and say that internationally across borders is something that I felt good about when I ran into it in Europe and I want you to continue to do those kinds of things and we will do whatever we can to help you.

It seems to me that we are gathered here to set a new direction for the country and while all the four topics are important they are all interconnected and I want to just touch on some of them. I believe that the timing as well as the location of this convention are both perfect. I think that there is an attitude and an atmosphere in Canada that suggests now, you know, we are just as good and just as competitive as anybody else in the world if you just give us a chance and what they want is a chance. In my view we have what I will call five challenges at this meeting and at this time. The first challenge is to get Canadians to really believe in us and themselves and the solutions that we are going to come up with here in the next couple of days and if they can become involved in those solutions and they really can believe in them, then we have moved a long ways into recovery. If we come in talking about investment and trade I can hear the average guy downtown saying "Well, that is something bankers do. What about me? How do I become involved in this?" If we can extend the things that we are doing to the kitchen tables of Saskatchewan, of Manitoba, Alberta, Newfoundland, Nova Scotia and Ontario, Québec and so on,

we will be doing something we haven't done for a long time in this country. That is the first challenge that we have.

Second we must develop a strategy obviously to put people back to work and to keep them skilled and employed with the things that we do and that is the number one issue before us. As John and I were on the radio the other day talking about Nova Scotia and Saskatchewan, precisely the kinds of things that we were looking at.

Third I think we must lay out in specific terms how every region in this country can participate. That takes some patience. It takes some thought, but it is extremely important because we are all part of the country and we don't want to feel alienated and again I go back to your decision to come out here. That is very powerful and very useful, but each region wants to be able to be involved.

Fourth we must demonstrate to the international community that Canada can be a friendly trading and investment partner. They love to hear it. Once more from my experience in talking to people in Geneva and others they expect Canadians to take that role. They see us in the middle of North America alongside a very huge trading partner. They also see us as traders that do business with the Chinese, with the Soviets, with Brazilians, with the Indians, with people all over the world and they say "You generally are respected for the kinds of things that people hold dear: honesty, high quality, integrity, hard work and we missed you recently. Where have you been?"

They want to see us take a leadership role and I think there is room for the Prime Minister and indeed even help from the colleagues here that we could participate in that.

Finally, I think we have got to show at this conference that we have got a balance, that we have got some common sense that we can use to address these problems and these opportunities. I think when we are looking at our deficit problems, when we are looking at our investment problems, when we are looking at our growth problems they have to see that over the long run that yes, governments have to contain the growth in spending and we all have to watch that and, two, we are going to have reform the tax system somewhere and somehow to encourage investment but also to have revenue, and, three, to create an environment which we are working at in this convention particularly for growth and excitement and those three are all necessary in anybody's bailiwick to make it work. Canadians have been a little shy or administrations have been a little shy over the past few years in getting that done, but that balance, if they can say, "Well they haven't just cut everything, they haven't just tore up the tax system and thrown it to the wolves and they haven't quit trading with the world, but they've moved wisely and will a great deal of common sense into those three areas for that balance they are going to say "Is it ever good to see them sitting around and talking common sense."

Now, it seems to me that governments don't have enough money to solve all our problems. People do. People have money to invest, investors have money to invest, governments quite often take their money, and we have to learn to respect the strength and the fidelity of individual

taxpayers' wealth and what we can do with it. So, I think it important that we go about this conference in a fashion that says we really care about people, that we are interested in how they live, where they live, how they can participate and the kinds of things that they can do to help us.

Well, if I could proceed I will throw out a couple of arguments with respect to the overall picture beyond these challenges and then directly into some investment. I think that Canadians want to become involved. They see this as the beginning of a new process and if they can become involved with their pocketbook, with their community, with local government, with municipal government and many of them are here today watching, that is the kind of attitude that they are looking for. They think it is time that they participated in this process of building Canada and that is what I think that they really appreciate and do our international friends appreciate about the fact that we are saying that we are open, we are open to doing trade, we are open to doing business.

Secondly, I think it is important, Mr. Prime Minister, that the international world begins to trust us more than it has in the past, that we are not going to renege on the kinds of things and messages that we brought to the world before and I will give you some examples.

When I was in Europe I found people still reminding me, "What did you do with Petrofina? Why did you set up these laws to prevent people from investing in Canada? What is this thing called FIRA? Have you still got it? Aren't you from the province, Mr. Devine, where they took over all of those potash mines and closed them up?

Is yours the province where maybe they are going to close all the mines again? What was this thing about the National Energy Program that you couldn't have people investing" -- they reminded me of that and they are saying that isn't what you told us you were all about. You told us that we wanted to do business and it was a long run and it was for real and that you weren't going to put up these crazy barriers and you weren't going to act this crazy way to try to buy back Canada from yourselves and they just kind of smile and say "We tried that years ago in Europe and it didn't work and I don't think it will work in Canada" and what is more the evidence shows that it didn't work.

Now, what I am talking about in terms of confidence and fidelity and long-run integrity is going to be extremely important for us here in this country with each other, but also with the international investors that are looking at building here in Canada.

I think it is important that we allow the local people who are interested in the investments that we want to see become involved not only on the day-to-day basis, but in a fashion that notes that they are not going to be left behind. I give you an example: I think I have used it before at the Premiers' conferences, it is extremely difficult for people to drive from Moose Jaw to Ottawa. They don't just do it every day to go in and talk to the Prime Minister and say, "Mr. Prime Minister, this is a concern we have on freight rates or interest rates or something else." They want to know that there are new kinds of arrangements, that perhaps we can set them up after this conference, that they have the kind of contact through their elected members,

through new kinds of organizations that will allow them to participate on an ongoing basis and I believe much of that is in evidence from what I have talked to people around this room.

Well, these kinds of challenges, Mr. Prime Minister, are great, but the country is great and I believe that we can live up to them. Let me just add a couple of things with respect to investments because I believe it is important: One, we have to show people in this country that investment means job. Investment is going to mean short-run jobs because people invest here and create them. We have chemical companies from Germany investing in this province that create immediate jobs. You have France investing in automobiles in Ontario which creates jobs almost immediately, that kind of thing is immediate and long run and in the intermediate stages very, very important. If Canadians can believe that then they will want to participate.

Secondly, I think it is very important that we give them confidence that interest rates aren't going to go haywire again. And I say "haywire", it is a local expression but when things really get bad and you have got nothing left you fix your machine with haywire because that is all that is left. If interest rates go up three, four or five per cent more there is not going to be a **whole bunch** left of Saskatchewan farms or Saskatchewan businesses or Saskatchewan industries, and we have done several things to protect people against high interest rates and I am going to encourage the federal government to work as hard as it can in co-operation with my colleagues here to make sure interest rates are as low as possible. We have done things that frankly were not

done in other jurisdictions, at least that I knew of, to protect people of interest rates and I throw them out just as an illustration of how important we take interest rates in this part of the country. We went for an eight per cent program for young farmers on interest rates because they couldn't survive without it. We went to 13.25 from now until 1988 on homeowners' interest rates because it scared them. So those kinds of programs we initiated because of our fear of high interest rates.

Secondly, I think if we want investment we have to look at tax reform. We find that there are many things that we could do to encourage investment and we have, and I won't dwell on them but if you want to see some staggering changes in investment and in jobs and in wealth, take a look at the royalty structure and the change in the royalty structure in the energy business in Saskatchewan even with the National Energy Program and you will see a classic case study that you could use in any MBA college. Revenues to the province, jobs, economic activity, confidence, excitement and our reserves are up, so economically and energy-wise we are much more independent and I throw those out as examples. We have also done them in other areas with respect to mining and other things.

I think it is important to have tax changes to encourage small businesses and you mentioned what women do with respect to the economy. I am finding and we are finding in our research here that women are opening three times as many new businesses as men are and their contribution in the world of small business is extremely significant because of one major thing, they have a lot of common sense and they have learned to be a little more patient and if you give them some incentives they are going to react in my

experience and from what we have seen in a very, very positive way and they deserve that kind of special recognition.

With respect to investment, I think it is important, Mr. Prime Minister, that we offer new vehicles, new instruments for investment, not only in the private sector. We have set up some venture capital corporations with your help, 30 per cent tax write-offs, but also with respect to Crown corporations. Now, in Saskatchewan we have a lot of them so we have quite a few to play with, but we have found and we will encourage the federal government to look at ways for the Canadian and the average person to invest in Crown corporations, because it provides them with an opportunity to use their money, their savings and it also provides a certain kind of improvement in productivity. It is equity versus debt. It has a lot of things that I think we could look at.

Finally, Mr. Prime Minister, just let me say that we have to put it altogether with respect to these things in terms of investment incentives. If people believe the environment we are setting is going to create jobs they will be with us 110 per cent. The kinds of things that my colleagues will suggest and I am sure there is a whole batch of them I have looked at, and I agree with a large number of them.

I want to say finally, thank you again for holding it here, the kinds of observations we can bring to this table at this time I believe will set the country on a brand new path.

THE CHAIRMAN: Thank you, Mr. Premier.

"Haywire" means the same thing in Esterhazy as in Baie Comeau and -- "broche à foin", c'est ça, monsieur Lévesque, ça veut dire exactement la même chose.

THE CHAIRMAN: I would like to ask Premier Miller who is next.

THE HON. FRANK S. MILLER (Premier of Ontario and Minister of Intergovernmental Affairs): Thank you, Prime Minister. It is pleasant to be the young member of this group and to take part in what is a very important conference, particularly since it is on St. Valentine's Day. I think that is a day of love and friendship and hopefully you are going to see a good deal of friendship at this table during the day and hopefully that will be one of the most important messages we send out.

Let me congratulate the Prime Minister for having this meeting here. It has been three years since we have had a meeting of this type and that is too long to go without a meeting on the economy. At every Premiers' meeting I attended as Treasurer I heard us all say these kinds of meetings were essential, we wanted them and we wanted them regularly. So to you congratulations and particularly congratulations on that long list of accomplishments and agreements you have already managed to make in a short time. That was very impressive. I think every province has seen some benefit of the new attitude in Ottawa.

I think Premier Devine has welcomed us very nicely. I was particularly touched by all the young students outside today and the genuine warmth of their welcome. There was nothing restrained, nothing phoney, its just a really nice feeling to be made welcome by those young people out front today and it was good.

You also put a lot of enthusiasm into your comments. I think that is one of the major parts of this

conference that we all need to infuse the world with, enthusiasm; enthusiasm about our great country. You are talking about how the world sees us from abroad. Well, they also see us as a great country and a great place to be and I think all of us need to realize how well this country is regarded by those who envy our richness in resources, in space, in education and in people and I think the challenge to us is to turn that wealth into reality, that is what this conference is all about.

I am also delighted to be in this magnificent centre. It is very, very impressive. Somebody said we were on stage literally for this conference. Perhaps this is an appropriate place for politicians.

Monsieur le président, la présente conférence constitue une occasion unique de travailler en étroite collaboration de façon à coordonner nos politiques et à gagner de l'expérience de chacun, car c'est collectivement que nous pourrions améliorer la situation économique en favorisant de nouveaux investissements, la création de nouvelles entreprises et, bien sûr, le développement de l'emploi utile et stimulant.

Now the cynics around the world will say that meetings like this don't matter because they are too far removed from the practical reality. I don't agree. If a failure to co-operate can have the negative effect, the impact on investment that we have seen from experience over the past few years then surely harmony can have an equal but positive result and harmony is important.

Now many of the factors that are most important for investor confidence really aren't tangible. They aren't quantifiable. They are factors such as Premier Devine referred to: stability, consultation, consistency of policy at the federal and provincial levels. They are all very, very important. I think we have the opportunity in this conference to send a signal to builders,

to investors that our economic union is once again working the way it should. Now a major theme of this conference is investment and I really see investment in its widest sense, in the talents of our people, in the ingenuity of our businesses, in the potential of our regions and in the increasing opportunities around us in a world economy. The immediate real priority is to encourage broadly-based investment, in productive growth in the private sector where the new jobs have to be created and before I speak about Ontario's proposals to stimulate employment and investment I would like to talk about another important concern of this conference: the obligation, indeed the need to improve opportunities for women. Canada simply won't achieve its full social and its economic potential unless we do take more active steps now to ensure that all of our people have a chance to increase and achieve their own individual potential. The time for talking about equal opportunity is passing us by quickly. There is an ever-increasing need for all of us here to demonstrate real progress. I think our governments and the public sector corporations have a significant leadership role to play. As well I think it is high time that many more of our major private corporations showed that kind of leadership and showed positive examples. I think women are demonstrably still under-represented at senior levels in all of our professions. Society simply can't allow such under-utilization of a large pool of talent, of brain power, of resources. It makes no sense and it is not fair.

Now on the economic side the current recovery

is incomplete and it is uneven across Canada and that is largely because of two factors. It is good in some parts because of export sales. It is poor in some parts because we haven't seen an investment in productive growth, in re-investment, in new plant, in new equipment and also we have seen the consumer a little slower to get involved in long-term purchases here in Canada than we have in the States. That is a function of a lot of things. A function of interest rates, particularly for the investor. A function of confidence in job security for the consumer. Governments simply can't take a hands off approach to this problem because we already heavily influence the marketplace by the actions we have already made. We put impediments to investment that are significant. I think we have to reform many of our policies to make sure that up-to-date investment in new plant and equipment takes place.

Now on the social side we have to recognize there is a role for public investment to let people achieve their full potential through better co-ordination, through new priorities we will have to provide enough money, enough resources for training and for the assistance required to help people adapt to their new careers. You go out to the production line in Ontario in a factory where the employee is worried about his or her job and you ask them "What are you worried about?" They are worried about new machinery replacing them, but more importantly they are worried about not learning how to use that new machinery. You tell a person they are going to be trained to adapt, they are ready to adapt because they know they must be efficient. So, if we don't

adapt, we will not have the benefits of economic growth.

Now as the newest member of this group I can tell you that I don't have all the answers, but I would like to offer to you the general approach that we play to take in Ontario and which we will also be recommending to the federal government. First, since our responsibility is to improve the environment for growth in the economy, not growth in government, we must make some firm commitments about our deficits and our spending. Nevertheless, I don't think it is credible to say that deficits are going to disappear. We simply can't predict long-term economic trends well enough and how they affect our responsibilities in government to make that direct statement. So I don't think we can make a hard prediction about deficits, but what we can make a commitment for is over the medium term government's total share of the total wealth of Canada will not rise and that in fact we won't take up new growth in the economy with government spending. What matters to investors is the trend line and whether or not spending is under control.

I don't think Canadian families either are prepared to see their children saddled with a massive debt load. If we were to borrow to invest in our future that is one thing. If we borrow to cover today's operating expenses that is quite another and the latter is not in my opinion acceptable. I believe that with good management we can make a joint commitment to reducing the public sector share and expanding the room that is available to the private sector and that will be without threatening necessary social investments that we all know as politicians

we must make for our people. If we all adopt and demonstrate a responsible attitude towards deficits we can help strengthen the dollar and help bring interest rates down. It is not only a matter of appropriate monetary policies; it is a matter of confidence in the system. For example right now real interest rates are running at about seven per cent. That means 11 to 12 at the market with inflation but inflation is only 3.7. Historically at this point in a cycle real interest rates should be under four per cent. That means we should, if we can get investors to believe their money is going to be worth something in the future, convince them that seven per cent is enough. That is historically all they have expected: inflation plus three and a half per cent. I think we have to stress that. We have done amazingly well at fighting inflation. We now must fight the battle of confidence that will be a major factor in bringing interest rates down. If somebody believes their money will buy in the future enough to justify making an investment today they don't want a lot of interest and government has a major part to play in that process. So lower interest rates will be necessary to stimulate consumer spending and also to stimulate investment. As long as rates are too high savings will stay mainly in banks and in securities and our economy does continue to fall short of its potential.

Now second, as two of you have already mentioned, we have to improve the balance sheets of small and medium-sized companies. Indeed I would extend it to say large companies in many cases have the same problem. Sadly enough

particularly Canadian-owned large companies have that problem. Many of them simply don't have the resources right now to expand even if they wanted to. In Ontario we suggest one of the ways to improve the balance sheet of the small corporations is to reduce or eliminate the income tax on small corporations. We did it for a couple of years because we believe that if the profit of small businesses is allowed to stay in those places, in those businesses it is re-invested and we believe that that the fastest way to build up the capital and create new jobs in small businesses is to allow the successful ones to keep what they earn and put it back to work. The basic principle is we should be taxing what we consume, not what we invest. In the long run this means more revenues for government and fewer expenses for government. It also means more jobs. Jobs will be particularly directed towards the very groups we talked about: women, the young, the displaced old, the native peoples. Why? Because small businesses right now are creating 70 per cent of the jobs in Canada and are giving many, many people their first opportunity to get a job.

So I would recommend to all of you that you consider paralleling an Ontario tax holiday for small business. I don't mean the profits shouldn't be taxed. I simply mean they should be taxed when they are removed from the business. When they are removed from the business, for example, I don't think a dividend tax credit would any longer be proper for small businesses if they weren't taxed while they retained the money. Tax them when it is surplus to their investment needs. Then we share in the money as it becomes available.

Tax policy in my opinion remains the most powerful and the most responsible lever we have to ensure economic growth and we should use it in a co-ordinated way to encourage investment and job creation.

Now third we have to encourage Canadians to direct more of their savings into equity investment instead of debt. We have probably one of the highest saving rates in the world and yet our small and medium-sized companies in particular have had to rely on bank debt or private debt far too much and really haven't had competitive access to risk capital. The Ontario Small Business Development Corporations have provided an avenue for that that has been very successful and I understand some of you are doing similar things in your province for small venture capital firms. Because we have succeeded in creating huge pools of savings in Canada but they aren't involved in our regions and our innovative sectors we just don't have the same kind of access to capital as our friends do in the United States. The search for secure investment is understandable but the long-term prosperity of this country and our society depends upon a variety of investments and degrees of risk.

Fourth, we have to encourage the formation of new businesses. They are one of the most important sources as I said of new jobs but they also confer this to the flexibility and to the inventiveness of our economy. More importantly, they provide an excellent avenue for equal opportunity. More and more women are setting up their own businesses. Premier Devine referred to that and

they are proving that in most cases their businesses have a much higher survival rate than those started by men, three times by our figures. Now these are practical steps that we can take to encourage new business. There are practical steps that we can take to encourage new business formation. One of them would be to allow entrepreneurs to write off early losses because usually small businesses have early losses against other income. This would certainly help free up some more investment capital. We have to look also at the regulatory system with a view to easing its burden and improving, as I said, access to risk capital.

Fifth there really is a positive relationship between investment and foreign trade. The federal government I think has performed a great service in signalling to the rest of the world and foreign investors in particular that they are once again welcome in Canada.

The change in the name of the corporation, the change in the purpose of FIRA to Investment Canada was a magnificent stroke, one that was quickly interpreted around the world by those who have looked at it but have had some concern in the past and I congratulate you for it.

Now, we get to the point of bilateral free trade. Ontario is a province that depends very, very much for trade. Indeed in this last year our exports increased by \$15 billion to \$16 billion and if I quantify that in jobs that was close to 300,000 jobs in Ontario that depended on that increase in trade and without them we would have had a decline in employment. So you would assume that Ontario is a supporter of free trade, but our government is very cautious about the proposition. It is our obligation I think to see that the problems for working people and many of our industrial industries as well are considered as well as the opportunities that might become available. Don't forget we already have mechanisms in place that are going to reduce the tariffs through the GATT agreements on almost all the items that flow back and forth between Canada and the States and if we are still not totally agreed upon bilateral free trade we should at least I think in Canada practise more open trade within the country. It would hardly be consistent in my mind to be demanding free trade with the States and still maintain barriers between and among our provinces. Perhaps we have to look at our own home and clean it up first.

In trade policy, the first priority has to be jobs. If we have significantly more open markets we will also have employment safeguards. I think the automobile industry has to be a good example. Right now

the Japanese government obviously wants our quotas lifted.

Here I believe the trade-off should be fair Canadian content in the vehicles they sell to us and I have to say that will mean investment in British Columbia. It will mean investment in Quebec. It will mean investment in other provinces, not just in Ontario as some of you presume.

Finally, we must address the critical need to encourage investment in research and development and in the introduction of new technologies. Ontario is very, very pleased with the federal government's proposal to co-ordinate such federal and provincial assistance programs for business. In the past it almost seemed that the two levels of government were competing with one another. We must now, I believe, consolidate our efforts along rational lines to compete with our international partners.

The same co-ordination should take place for training programs and youth employment initiatives. Proliferation, duplication in the past got out of hand. There was too much competition. We simply can't allow ourselves to become lost in economic equations or bureaucratic manipulations.

You know, the ultimate goal of all of this, of all of this investment is growth in social justice. The principles of fairness have to apply to the means as well as to the end.

Our citizens have to be assured that business, organized labour and governments are fulfilling the terms of an unwritten social contract which does give first priority to the needs of the individual for opportunity, for dignity and for security. If there isn't this trust and confidence, we won't have the mandate to stimulate investment.

These three major elements of our society must recognize and accept responsibility for ensuring that our citizens have the right to adequate training, that they have the access to quality counselling and child care, and that there is support for those who are moving from one form of employment to another.

If we are to grow as a united country, the costs and the risks of economic change have to be shared.

We also have to re-dedicate ourselves to employment equality. The degree to which we participate in the wealth of our society must not depend upon gender, race or creed.

The recent announcement by the federal government of a new program to create summer employment in co-operation with business is the kind of co-operative venture that is most required. The need to simulate investment and create jobs isn't solely government's responsibility. I think we must make it clear that business and labour do have a role to play and that we are willing to accept them as partners.

Finally, I would like to acknowledge that there will be occasional differences around this table. They reflect naturally the different circumstances of the provinces we represent. I can only say that Ontario will remain willing to compromise in the interests of the greater whole that includes all of us here.

Prime Minister, our responsibilities are great and our hopes are high for, indeed, this is a new era, reflected in part by the spirit of this meeting and in the widening opportunities right across our economy.

Thank you.

THE CHAIRMAN: Thank you, Mr. Premier.

Monsieur Miller a mentionné le rôle vital que la petite et moyenne entreprise, surtout la petite entreprise, doit jouer dans toute relance économique.

Je pense que, collègues, qu'il y a lieu de mentionner que s'il y a une juridiction où la petite et moyenne entreprise a connu un essor important et qui joue un rôle spécial dans la société, c'est bien au Québec et je demanderais à monsieur Lévesque de prendre la parole.

MONSIEUR LEVESQUE: Merci beaucoup, monsieur le Premier ministre.

I will have to start off by apologizing for holding up proceedings a few minutes earlier this morning. It was both embarrassing and maybe a bit flattering that you wouldn't begin without Quebec, which proves that times have really changed.

Now, my only excuse I guess would be that I was under the feeling at the end of that very pleasant meeting we had last night that I had managed to negotiate 9:15 instead of 9:00 o'clock, but live and learn.

I would like to be the first among Premiers, or second I think to thank Premier Devine, very, very -- from the bottoms of our hearts let's say for the gracious welcome he gave us and especially also for the friendly and very competent accommodations and arrangements that have been made by the Saskatchewan authorities.

Je voudrais remercier aussi le Premier ministre fédéral d'avoir convoqué cette conférence, tel que prévu dans des délais aussi brefs que possible parce que nos collègues --

I think all of us remember that we have been more or less waiting for about three years to get that kind of conference going again and we were waiting publicly for about three years, so thanks again for not wasting time -- et surtout, je pense que là aussi tous nos collègues seraient d'accord, je suis content d'être le premier premier ministre provincial à avoir l'occasion de saluer le 'junior Premier from Ontario', qui, comme on l'a vu, est admirablement bilingue --

That is going to make relations much easier between us -- et je suis très content.

I am very glad that this comes at a moment when intergovernment climate is better than it has been for many years and that has already given quite a few concrete results. For instance, for us in Quebec we have been waiting for a long time also for the kind of agreement that we had about economic and regional development that was signed very recently. It is very important.

Now, we know that we are not out of the woods yet, not by a long way and we have short and medium-term problems, very big problems, that won't be as you said yourself, Mr. Prime Minister, there is no miracle possible in many cases. I think people are realistic enough to know that, but tough problems are lying ahead. It will take a lot of faith and good faith between us and a lot of co-operation which would be a new term for all of Canada. While knowing that we won't agree on everything all the time, I think there is an old saying, a very good one in English that says that we sometimes we have to agree to disagree and we hope not too much of that is going to happen over the next couple of days.

Now, I have noticed that we have a very good simultaneous translation system going and as you know there is that second official language still in the books, so I am going to switch to French from now on to try and tackle a little bit the same way Mr. Devine and Mr. Miller have done it, yes, investment, but yes everything at once, because -- nous avons quatre thèmes principaux mais ils sont un peu comme des vases communicants.

Le premier, c'est l'investissement pour la création d'emplois, c'est évident, mais ces quatre thèmes, de toute façon, il y a une chose qui les relie plus clairement que n'importe quoi, qui les marie entre eux, c'est que la préoccupation numéro un, de l'Atlantique au Pacifique, de tous nos concitoyens, c'est l'emploi.

Vous savez, il y a un vieux proverbe en français qui dit que 'chat échaudé craint l'eau froide et on n'a pas besoin de se rappeler qu'on a eu une crise et que l'emploi qui atteignait un sommet au Canada en 1981 a subi pendant les quinze mois suivants sa pire dégringolade en cinquante ans.

Nous le savons au Québec parce que c'est le Québec, probablement parce que traditionnellement nous sommes plus vulnérables aux augmentations de taux d'intérêt et que les taux d'intérêt avaient crevé tous les plafonds à 22% et davantage, c'est au Québec qu'on a essuyé le plus gros de la tempête. En tout cas, c'est nous, au Québec, qui l'avons reçue en pleine face, plus vite et de façon plus immédiatement traumatisante, je crois, que n'importe où ailleurs.

Je n'insisterai pas sur les épreuves humaines sans nombre que ça a causées et que tout le monde connaît, dans toutes les familles, dans toutes les villes et villages de nos sociétés. Je pense que tous les gouvernements ont été pris de la même façon, il a fallu se transformer en pompiers, pour ainsi dire, parce qu'il y avait des feux qui avaient éclaté partout puis, en même temps, ça nous a imposé très rapidement -- parce que nous n'avons pas les marges de manoeuvre d'un gouvernement central -- ça nous a imposé très rapidement

à nous, des provinces, un devoir absolu, un des devoirs les moins plaisants qui existent, celui de mettre de l'ordre dans nos finances et d'instaurer une rigueur budgétaire absolument sans précédent.

Ca n'a pas été facile, ça a été douloureux, ça n'a pas toujours été facilement compris et ça a demandé beaucoup de sacrifices à beaucoup de gens, à peu près dans tous les secteurs de la société -- et je n'ai pas besoin de vous dire qu'on entend encore parler de ces sacrifices et de ce que ça a pu signifier comme effort pratiquement surhumain pour l'ensemble de la population.

Je dis 'rigueur budgétaire', il faut bien savoir qu'en dix ans, de 1971 à 1981, nos dépenses avaient augmenté chaque année de 3% de plus que l'ensemble de l'activité économique. C'était à l'époque où on se disait: il n'y a pas de limite, l'argent c'est pas de l'onguent, la croissance est illimitée, on peut tous payer. On a eu une sacrée leçon à partir de 1981, 1982 et ça ne pouvait plus durer.

Alors, depuis quatre ans, nous avons dû comprimer les dépenses de façon à ne pas dépasser, autant que possible, le rythme de croissance de l'économie. Ca, ça a été absolument prioritaire puis ça a été extraordinairement dur aussi.

Puis, pour relancer l'investissement et l'emploi, nous avons surtout misé sur la concertation -- beaucoup de gens emploient ce mot 'concertation', ou 'cooperation', more or less in english -- la concertation entre le gouvernement, les entreprises et les syndicats du secteur privé surtout.

Nous sommes très fiers par exemple d'une chose qui s'appelle 'Corvée habitation' qui a été inventée au Québec et dont je ne connais pas d'équivalent nulle part en Amérique du nord. Nous avons dû lancer rapidement des programmes de financement des entreprises. Pour essayer d'avoir de l'expansion, nous avons entre autres bâti un programme de tarification réduite de l'électricité et ça c'est parmi les mesures les plus importantes de notre programme de relance économique.

Tout ça a permis au Québec de réaliser en 1983 et en 1984 une des meilleures performances de toutes les régions du Canada. Je suis obligé de le dire parce que c'est un fait -- why the hell shouldn't I beat my drum a little bit, it's true -- une des meilleures performances de toutes les régions du Canada quant au progrès des investissements et de l'emploi.

Ca a aussi permis entre autres de faire passer de 15,3 à 11,9 le taux de chômage entre janvier 1983 et décembre 1984. Cependant, notre satisfaction devant le chemin parcouru reste sérieusement tempérée par tout ce qui nous attend déjà, qui nous pend au bout du nez, avant qu'on ait pu vraiment retrouver un niveau d'emploi acceptable parce qu'avec les moyens du bord, il y a un immense réservoir de bonne volonté qui a surgi de l'ensemble de la société. Nous avons pratiquement réussi, en niveau absolu, à récupérer tous les emplois qui avaient été perdus pendant la récession.

Mais, malgré tous ces efforts, nous n'avons pas encore créé -- loin de là -- tous les emplois qu'il faudrait pour procurer à notre population croissante, surtout les jeunes, les mêmes possibilités d'emploi qu'il y a quatre ans parce que la machine continue puis la

demande d'emplois, elle augmente, elle va augmenter encore pendant plusieurs années et on a beau rattrapper 1981, il faut aller beaucoup plus loin et on n'est pas capable pour l'instant.

Ca c'est le signe évident du besoin toujours pressant d'une action concertée au niveau du Canada tout entier, pas seulement d'une série d'actions menées individuellement par chacun d'entre nous, même si on fait sûrement tous notre possible parce que, de toute façon, à plus que 11%, le taux de chômage moyen au Canada demeure absolument inacceptable pour ne pas mentionner celui des jeunes de 16 à 24 ans qui dépasse encore les 17%.

C'est vrai qu'il y a un an, c'était 29%, c'est descendu à 17, ce qui prouve que la première des mesures économiques, c'est la croissance économique elle-même parce que quand la machine repart, automatiquement il y a de la chance, en particulier pour les jeunes qui sont plus adaptables, ceux qui sont équipés pour la vie, mais il reste quand même que 17% de chômage, c'est pas tolérable.

Il faut savoir que ce sous-emploi des ressources humaines coûte au bas mot, nous coûte au bas mot 50 milliards, c'est plus que tous les déficits ça, 50 milliards de dollars par année, à peu près 6 000,00 \$ par famille.

La question du chômage ou de l'emploi, c'est les deux côtés de la médaille, je répète c'est ça qui préoccupe le plus -- encore aujourd'hui et de loin -- l'ensemble des gens au Canada, d'un bout à l'autre du pays.

Ils ne veulent plus que leur gouvernement se contente de vagues affirmations d'impuissance ou de vagues promesses de réduction de chômage dans cinq ou dix ans. Ils veulent une attaque massive et immédiate contre ce fléau, accompagnée de mesures qui empêcheront la catastrophe qu'on a vécue de se reproduire à nouveau et c'est notre responsabilité, c'est la première occasion collective que nous avons, c'est notre responsabilité de répondre concrètement, pas seulement sur le plan des principes ou des idées généreuses, mais le plus concrètement possible à ces attentes.

Je suis convaincu que nous en avons les moyens et j'espère que nous aurons le courage, le 'guts' comme on dit en anglais, de les mettre en oeuvre ces mesures.

Donc, il nous faut guérir à court terme le chômage au Québec et au Canada et tâcher à moyen terme de prévenir les rechutes de cette maladie. Or, contrairement aux Etats-Unis où c'est politique budgétaire, avec ses réductions massives d'impôts et son impulsion aux dépenses militaires, c'est ça qui a été la locomotive essentielle de la reprise économique. Au Canada, on ne peut pas faire ça. Le Canada ne peut pas envisager de promouvoir son expansion en agrandissant encore l'écart qui est déjà énorme entre les recettes et les dépenses du gouvernement fédéral.

On n'a pas les moyens comme nos voisins et amis américains de faire payer une bonne partie de nos excès et de nos déficits par l'ensemble du monde. En français on a une vieille expression qui est de 'pelleter sa neige dans la cour du voisin', on ne peut pas faire ça de la même façon que les américains.

Or, nos déficits par exemple -- et tous, le fédéral comme celui des provinces -- sont à peu près à la limite de la capacité d'en prendre. On a une reprise économique assez solide, il faut l'accentuer, mais on n'a pas de reprise budgétaire comparable. On sait les raisons pour ça.

Alors, par élimination, le seul grand levier dont le Canada dispose à l'heure actuelle pour relancer l'emploi à brève échéance, ne serait-il pas sa politique monétaire qui peut influencer de manière très appréciable sur les taux d'intérêt et - *horesco referens* - sur le taux de change du dollar canadien.

Là-dessus je rejoins complètement -- I am in full agreement basically with what Mr. Miller had to say a few minutes ago. La politique monétaire canadienne est encore l'une des plus restrictives de tous les pays industriels. Il y a exactement trois ans, ceux qui étaient là, je vois monsieur Lougheed devant moi -- we both remember and I think all of us remember -- il y a exactement trois ans, à la conférence des premiers ministres de février 1982, trois ans, nous avions proposé, j'étais là, j'étais pas seul on s'en souvient, une détente de la politique monétaire alors que le taux d'intérêt net -- the real interest rate -- était net d'inflation, était de 5% -- you reminded us that this receipt is not bad -- était de 5%, aujourd'hui il est de 7%. Le taux de chômage était à 8½% en 1982, aujourd'hui il est entre 11½ et 12. L'inflation, d'autre part, qui était à 11½, est maintenant à son plus bas niveau depuis bien des années à 3½. Donc, il y a de la marge là.

Dans les circonstances, je crois que notre proposition est encore plus indiquée en 1985 qu'en 1982. Vous savez, je pense que monsieur Devine le disait, comme gouvernements provinciaux, on a fait tous les efforts possibles pour protéger, c'est-à-dire pour mettre une sorte de plancher de protection minimale contre les taux d'intérêts; pour les agriculteurs, pour les familles qui ont besoin de se loger, pour des garanties pour le logement sur les taux d'intérêt.

La même chose pour les PME, avec ce qu'on a appelé chez nous le Plan Biron numéro 1 et le Plan Biron numéro 2; on a fait tout ce qu'on pouvait mais il y a une limite parce qu'on n'a pas plus que les ressources provinciales.

Alors, à notre avis, il faut envisager le plus vite possible de libérer l'économie canadienne des taux d'intérêt élevés qui risquent constamment d'immobiliser les forces de la concurrence, de l'entrepreneurship, de l'investissement et de l'embauche. On aura peut-être l'occasion d'entrer en détails -- j'espère qu'on aura l'occasion d'entrer dans le détail de ce sujet parce que je ne veux pas insister trop lourdement mais je crois qu'il est absolument central, si on veut faire des choses concrètes rapidement.

En insistant ainsi sur une expansion monétaire vigoureuse à court terme, de prendre le taureau par les cornes et de se décider, il ne faut pas oublier quand même l'avenir un peu plus lointain. Il va falloir travailler d'arrache-pied à prévenir les crises futures et à donner à notre économie une vigueur nouvelle qui nous évitera d'avoir à intervenir à plus ou moins tous les cinq ans dans un climat de catastrophe.

Il faut donc entreprendre dès maintenant des réformes d'institutions, de la fiscalité, de certaines lois qui sont des embarras en elles-mêmes afin que tout ça puisse appuyer mieux les forces vives du pays, du Québec, du Canada, qui sont tout simplement là. L'essentiel, c'est les ressources humaines, on aura l'occasion d'en parler cet après-midi mais il faut leur donner la chance maximum de montrer ce qu'elles sont capables de faire, ces ressources humaines, afin de redonner en permanence à notre économie la flexibilité et la rentabilité indispensables face à une économie mondiale de plus en plus féroce ment compétitive.

Ca, ça veut dire que la crise a aidé à ce point de vue là, à quelque chose malheur est bon. Il faut accentuer, aider à accentuer l'évolution des mentalités parce que c'est dans la tête que ça se passe. Il y a des leçons qu'il va falloir ne jamais oublier et qui sont sorties de la crise.

Par exemple, on parle d'investissements. Il faut bien admettre que les nouveaux investissements sont de moins en moins -- not more and more, less and less -- générateurs d'emplois. Ils sont absolument indispensables, les nouveaux investissements industriels surtout.

Si on veut être compétitif, il faut rationaliser, il faut moderniser, il faut produire aussi bien, sinon mieux que n'importe où ailleurs, il faut être champion du monde dans un certain nombre de catégories. On commence déjà à être capable de faire ça. Seulement, admettons que ça ne produit pas autant d'emplois aujourd'hui qu'il y a dix ans puis, il y a dix ans, ça produisait moins d'emplois que dix ans auparavant. Il y a une sorte de loi des rendements décroissants -- diminishing returns investment jobs.

Il va falloir s'attaquer à beaucoup de choses donc au-delà de l'investissement à l'état pur. Par exemple, le partage de l'emploi -- Québec, on commence à s'approcher de quelque chose qui s'appellerait par exemple le contrat de solidarité qui est déjà connu dans les pays européens. Il va falloir permettre aux travailleuses, aux femmes, d'occuper sur le marché du travail la place qui leur revient et, en particulier, s'attaquer aux barrières qui restreignent leur entrée sur le marché, qui nuisent à leur progression en emploi et à leur mobilité en même temps.

Il y a toutes sortes de vieux préjugés qui traînent encore dans le paysage mais ça n'empêche pas qu'il y a une pression absolument sans précédent, révolutionnaire, du côté de l'accession des femmes à tous les emplois, à toutes les possibilités d'emploi dans la société.

Au Québec, nous avons déjà commencé cette longue marche depuis quelques années. C'est dur de vivre ce qui est vraiment une révolution. Par exemple, les sommets socio-économiques que nous avons tenus depuis huit ans ont amorcé un dialogue de plus en plus constructif entre les partenaires socio -- comme on dit dans le jargon d'aujourd'hui -- et ont donné lieu en même temps, ça c'est important, à de multiples initiatives sectorielles dans l'industrie, régionales pour le développement et même pan-québécoises, nationales à notre point de vue, tout en aidant à réduire les tensions sociales.

Par exemple, monsieur le premier ministre, je ne sais pas si vous êtes au courant, vendredi dernier on a réuni à Montréal à huis clos une

sélection extrêmement représentative des grandes centrales syndicales et du patronal, l'Association des manufacturiers, le Conseil du patronat, et certains de nos collègues ont expliqué le pourquoi des thèmes de la conférence, les quatre grands thèmes, et ils ont demandé leurs réactions, ils ont résumé comment nous nous préparions à venir vous rencontrer et je dois dire que l'accueil a été extrêmement positif.

Ils ont dit: bien, c'est la bonne direction en tout cas. D'ailleurs, ça pourrait être confirmé par quatre ou cinq d'entre eux, représentants patronaux ou syndicaux, qui se sont donné la peine de venir à Régina à leurs frais et qui sont ici parmi les observateurs ce matin.

Alors, tout ça, notre expérience a démontré qu'il importe au plus haut point de bien situer les salaires, les profits, les conditions de travail aussi c'est important, dans un contexte de coopération et de croissance de l'investissement et de l'emploi. Il faut d'une certaine façon que tout le monde, gouvernements, travailleurs, patrons, on apprenne à faire front commun -- ça a déjà servi les fronts communs, des fois négativement -- qu'on apprenne à faire front commun comme jamais face à la concurrence extérieure parce que, elle, elle ne pardonnera pas.

Si on est inefficace et non concurrentiel, -- we've had it, comme on dit en anglais. C'est très simple comme idée mais on sait à quel point c'est exigeant et on sait à quel point c'est important, c'est vital pour notre avenir économique.

Maintenant, avant de terminer d'insister un petit peu sur le thème direct de l'investissement, le thème direct de ce matin, nous au Québec, nous avons déjà commencé en 1979 à diagnostiquer l'état de sous-capitalisation de nos entreprises et, à l'époque, nous avons lancé notre régime d'épargne-actions -- je ne me souviens pas comment on le traduit en anglais, mais -- I think everybody knows what it means. What is it in english? Parizeau's program or stocks' saving program.

Nous avons donc lancé notre régime d'épargne-actions qui a très bien marché, qui marche même tellement bien qu'il coûte très cher mais il a donné des résultats. La crise, la récession de 1981-82 a confirmé notre diagnostic, dieu sait, et nous a conduit à créer une commission d'études sur la capitalisation des entreprises qui vient de remettre un rapport, on ne l'a pas encore étudié, mais auquel nous comptons donner des suites positives.

Il m'apparaît essentiel, le Premier ministre fédéral l'a d'ailleurs souligné dès le début, il m'apparaît essentiel dans les années qui viennent de faciliter l'accès des petites et moyennes entreprises au capital de risque, d'alléger leur charge sociale quand c'est possible et de les soulager de certaines réglementations qui les embarrassent continuellement qui, en fait, sont comme des freins à leur expansion.

Il y a longtemps qu'on l'a compris, je pense, dans tous les pays du monde c'est vrai, dans tous les pays qu'on appelle développés en tout cas, que les nouvelles PME sont le principal fer de lance de l'innovation et de la création d'emplois dans notre économie et il faut

s'appliquer à l'avenir à reconnaître concrètement cet apport précieux entre tous et, à cet égard, je m'en voudrais de ne pas souligner l'émergence exceptionnellement rapide, spectaculaire, des femmes encore dans l'économie, dans l'entreprise. Ca va provoquer des changements, ça provoque déjà des changements qui toucheront toute la société et dont nous commençons à peine à mesurer l'importance.

Nous avons, par exemple, instaurer au Québec un programme d'entrepreneurship féminin, 'entrepreneurship for women', avec des bourses très spéciales pour de nouvelles créatrices d'entreprises et j'ai rencontré un certain nombre d'entre elles la semaine dernière. Je vous jure que c'était impressionnant et c'est assez flatteur pour nous par exemple de recevoir la championne canadienne, elle n'a pas 25 ans, la championne canadienne 'of accounting', la number one young accountant in Canada' et c'est intéressant pour nous de savoir que 'in management studies', dans tout ce qui touche le 'management' des entreprises, nos grandes écoles comme HEC à Montréal ont actuellement plus que un tiers de tous les étudiants du Canada et que la moitié à peu près de ces étudiants en 'management business administration creation', la moitié à peu près c'est des femmes. Watch out!

Enfin, nous sommes d'avis que notre politique de développement économique doit reposer sur le principe mais, tout ça se tient sur le principe fondamental de la compétitivité intérieure et extérieure de nos entreprises mais ça c'est un thème qu'on traitera avant la fin de la conférence, alors je n'insiste pas sur l'évidence.

Par ailleurs, si en principe on est d'accord, nous, avec une certaine déréglementation 'deregulation' du travail, de l'épargne, de la production et de la consommation, je crois quand même qu'il faut faire attention, il ne faut pas agir à l'aveuglette et analyser soigneusement les cas de déréglementation, ce qui correspond un peu à ce que vous avez fait au fédéral avec FIRA par exemple, pour remplacer ça par quelque chose de moins rébarbatif, de moins repoussant, surtout pour les investisseurs parce que toutes les règles qu'on peut établir, législatives, réglementaires, pures, fiscales, le plus universel elles sont, le mieux c'est mais à condition de ne jamais oublier que ça n'a pas toujours des impacts équitables partout. La politique monétaire nous a donné de sacrés bons exemples du fait qu'il n'y a pas d'équité absolue dans l'universalité des politiques. Au contraire, ça peut faire du bien à une place puis ça peut faire très mal ailleurs. Il faut tenir compte de ça.

Alors, pour faire une longue histoire courte, je m'excuse d'avoir été un peu long mais il y a eu au moins une minute, une minute et demie d'excuses que j'ai dû vous faire au début mais, pour faire une longue histoire courte, je pense qu'on est tous d'accord, le problème le plus important de notre économie à l'heure actuelle, le problème qui touche les gens, c'est pas des chiffres en l'air, c'est pas des millions puis des moyennes, ça marche pas dans la rue des moyennes, c'est l'emploi de toutes les familles qui ont des jeunes, les pères ou les mères de famille qui ont 45-50 ans puis

des enfants à charge puis qui ont été sacrés dehors pendant la crise. C'est ça qui est central le plus à court terme.

A cet égard, nous avons une double responsabilité, traiter le problème immédiatement, pas en 1990, et faire tout ce qui est possible pour empêcher qu'il se reproduise encore à la première occasion. C'est ça, au fond, d'agir comme des gouvernements parce qu'on dit 'gouverner, c'est prévoir', ce n'est pas toujours vrai mais c'est supposé être vrai et on sait aussi que les gouvernements, bien ils sont toujours responsables de tout quand ça va mal. En général, quand ça commence à aller mieux, c'est tous les autres qui sont responsables mais, enfin, il faut en prendre notre partie et foncer là-dessus.

Sur le court terme, notre proposition principale va dans le sens d'une politique monétaire plus expansionniste d'abord et avant tout, je pense que le secret est là.

Sur le second point que je pourrais appeler 'préparer l'avenir', si on veut, il faut avoir le courage d'amorcer sans délai les réformes de loi et surtout d'encourager l'évolution des mentalités qui s'accélère afin de nous aguerrir au nouvel environnement mondial parce qu'on est dans un autre monde d'il y a dix ans.

Si nous pouvons fournir un coup de pouce expansionniste à court terme, procurer ce genre d'environnement qui raffermisse peu à peu la capacité de produire et de vendre de façon compétitive, je suis sûr que nos citoyens et nos entreprises sont capables

de livrer la marchandise de l'investissement, de l'emploi et de la croissance mais ça va demander de l'imagination et beaucoup beaucoup de détermination puis, ensuite, il va falloir apprendre aussi -- il me semble que nous avons assez appris de la crise, d'avant la crise jusqu'en 1981 et depuis la crise, surtout 1983-84, nous avons assez appris pour savoir que nous sommes capables et de plus en plus capables de relever tous les grands défis qui se posent. Les ressources humaines sont là, les ressources matérielles sont là.

Donc, ça devrait nous amener à conclure que nous n'avons pas le droit, nous avons le devoir d'avoir confiance en nous-mêmes parce que s'il y a une règle du progrès économique qui est plus importante que toutes les savantes études des économistes et tous les gens qui ont fait de l'économie vécue savent ça.

En gros, le succès économique, ça doit être à peu près 20% de compétence, de 'know-how', du goût du risque, et caetera et 80% de confiance. Quand la confiance est là, la contagion est positive et on a vu avec la crise, quand la confiance n'est pas là, c'est contagieux en maudit également.

J'aimerais ça que ça reste, cette rencontre, comme peut-être quelque chose comme la rencontre de la confiance en soi. Merci beaucoup.

LE PRESIDENT: Merci, monsieur Lévesque. Notre Premier ministre du Québec nous invite, entre autres choses, à examiner je pense la possibilité de la création d'un front commun positif et pour nous du Québec, évidemment ce sont des mots importants parce qu'on connaît ça des fronts communs et nous savons jusqu'à quel point qu'un front commun positif pourrait être hautement valable

et un objectif noble et louable pour le Canada et les provinces et j'ai pris bonne note de la phrase et je la trouve une phrase, ou un choix de mots très important.

Avec votre permission, collègues, nous allons ajourner cinq minutes pour ensuite commencer avec le Premier ministre de l'Alberta, monsieur Lougheed.

MONSIEUR LEVESQUE: Ce n'est pas de ma faute.

LE PRESIDENT: Non, non, c'est pas de votre faute, c'est simplement un cinq minutes. We will adjourn for five minutes and Premier Lougheed will carry right on.

THE CHAIRMAN: Colleagues, I would start by asking, by going right to Premier Lougheed, please.

HON. PETER LOUGHEED (Premier, Alberta): Prime Minister, I would like to start with my response to the atmosphere we have here today. I would like to say that I very much congratulate you. So do all my colleagues from Alberta on the atmosphere that you have brought since September 4th to working together with the provinces. I noted particularly your comment on your press conference on February the 1st that from now on when we talk about national policies we are talking about policies that are worked out between the federal government and a consensus of the provinces. The atmosphere is good here. I am sure you respect and others have said that the nature of the Canadian Confederation will have some differences but I think the nature of how we handle the differences, Prime Minister, is perhaps the key. We will express the differences in our usual candid and direct way and then I believe you sense and I sense and I believe it is the sense of this table that we will then try to work together to find a consensus as to what would be the best approach for Canada. So when we have differences they shouldn't be exaggerated. They should be expected in the nature of Canada.

I want to thank Premier Devine and the people of Saskatchewan and I want to do that for the very, very friendly welcome we have had here and the very excellent arrangements. You have made a fellow westerner feel good about the way we have been greeted here and the way we have been received and thank you so much on behalf of

my delegation for the arrangements that you have made.

Premier Miller, I would like to welcome you to this table and congratulate you upon your leadership election. I was very pleased to note the emphasis in your remarks about the enthusiasm and we share that. You mentioned bilateral trade arrangements. You no doubt anticipated that Alberta and others might have a different view. We had a discussion last night at dinner about agendas and different subjects on the agenda so you know I will reserve my observations until tomorrow and if we have friendly differences we will be able to understand them and discuss them. I do want to say that so you can be considering it though overnight that if we are coming from a different direction with regard to bilateral arrangements we would be coming the same way with you with regard to inter-provincial trade barriers, so that should be a good subject for discussion tomorrow.

I will hold until later my observations with regard to job creation and with regard to agriculture and with regard to trade matters. I would like to compliment you, Prime Minister, too on how much you really have -- that was an impressive list you presented in the opening statement of what you have been able to accomplish in a short period of time. I just mention too I was asked by a journalist about the accord that you had with Newfoundland and as the Premier of Newfoundland and Labrador knows I on behalf of Alberta always wanted to see that. I have always felt let's stop this emphasis in Canada about have-not provinces and have-provinces and let's build on the strengths. As you say, it is not just entirely a matter of dollars and

cents. It is a feeling that the people in that province just must have. Now having concluded that accord, that Atlantic accord is really fully involved in the mainstream of Canadian life. We struggled in the western provinces to get our resources and that is very much a part of our history. It took us from 1905 as a province until 1930 before we got the ownership of the resources so we can see the smiles on the Newfoundland face and the way you have responded to it.

I would also like to say as the Premier at the 1982 Premiers' Conference in Halifax I believe it was that I with some trepidation made the suggestion that we ought to abolish FIRA, the Foreign Investment Review Agency and some will remember that and some thought it was a little extreme but eight provinces frankly supported it and even the two that didn't were prepared to say that we had to have a pretty significant restructuring of it. That was not too long ago and so needless to say we in our province are very pleased about your decision, your government's decision about the Foreign Investment Review Agency in Canada investment. I have to say to you from a European trip though that the jury is out. If I could make a comment about that right now because it is in my mind, it was said this way by some very -- people who really have a feel for the world. They said it is harder to rebuild a reputation than to build it in the first place. So we all collectively have some work to do and I know that you are sensitive and your colleagues are sensitive to that. You know and I know that we have a very difficult negotiation going on between the energy-producing provinces and the federal government that in my opinion the results will mean jobs.

I will get into the question of jobs and investment later.

I know at a meeting like this, Prime Minister, there is a tendency perhaps to deal in generalities and to not touch on sensitive subjects because we are in an open meeting, but I really don't think that is what Canadians want us to do. I think if there is an issue out there let's deal with it head on. So I now intend to take on a very sensitive question and this is it: today as we sit here, Prime Minister, and you correct me if I am wrong, the Bank of Canada are making decisions. Now I don't know the degree of your consultation or your Minister of Finance's consultation. Traditionally in Canada we have said let's have the Bank of Canada deal as an independent entity and let them make their policy decisions. I wonder in February, 1985 if that is good enough and I want to make the case. I approach it somewhat differently because I am sure you have sensed that the three Premiers we have already heard emphasized monetary policy. I wonder if the time might now be for Canada, for the federal government and for this table to consider the point that on monetary policy it is quite appropriate for the federal government of Canada to establish some parameters for the Bank of Canada. I am not saying and I would never suggest, Prime Minister, that you or your Minister of Finance should be directing specifically what the bank rate would be today. No, but I do think that there is a role for the federal government in a federal system in a country like Canada to develop some parameters for the Bank of Canada. Sitting here as we are today in Regina, Saskatchewan, coming from my Province of Alberta we have

gone through a very difficult time in the National Energy Program and other factors. We have got our economy recovering and it is fragile. If just at this time we suddenly see a burst upwards in interest rates back to the confidence factor Mr. Lévesque mentioned we are going to have some real difficulty in our province and all across Canada in all the other provinces. I think about as we sit here there is going to be a farmer struggling with his debt obligations near Wistaskiwin, Alberta that is going to be going down this afternoon to talk to his banker and his banker is going to say -- I hope not -- but it looks like we are moving upward on interest rates. We are going to have a small business person and, Mr. Miller, I agree with you more and more with new business, we are seeing women involved in new businesses like the sensitive time that a new business has in those early years with the debt finance and struggling to make a go -- if we get a new round of interest rate increases in this country that is going to be very sad indeed and I can go on, go on to the whole question of housing and jobs that come out of the building and construction industry. Interest rates are very sensitive. Okay. How do you handle it? How do you deal with it as a federal government? Can I approach it first of all historically? I had a debate three years ago, I think that one was closed and I wanted it open, with Mr. Bouey and he gave two points to us, the orthodox position, Mr. Wilson, that was presented to us. The first one was that if we saw the Canadian dollar drop past 80 cents the world was going to fall apart. That was the first one. Well, we are here and unfortunately

it is 74-75 cents and the world hasn't fallen apart. In fact our currency now in relationship to where I have been in Europe and where my colleagues were in Tokyo last week, our currency vis-a-vis other currencies in that basket of currencies is strong and we are selling in the world so strong currency makes it harder for us as a trading nation to sell. So we are into the position with regard to that 80-cent dollar that that was a mirage and it didn't prove to be the problem that Mr. Bouey said it would be.

Now there was a second point that Mr. Bouey made, the orthodox position was that if you allow the Canadian dollar to drop vis-a-vis the American dollar the present degree of the imports we get from the United States our inflation rate would come up. Mr. Grossman was part of that debate as I recall with Mr. Bouey. Mr. Miller mentioned it just a few minutes ago -- so did Mr. Lévesque -- the real interest rate is at seven per cent and they were at five. Inflation rates have now been down. So that didn't happen. It didn't happen. We had the Canadian dollar come down and we didn't have inflation rates go up. So what to do about it? In the United States, Prime Minister, there is a debate going on and you are aware of it in which the President is having some public debate with the head of the Federal Reserve Board. That is in the United States and that is a pretty good, healthy debate they have in their country, but let's look at Canada. We have another factor in this debate. We have the factor that the traditional view of the Bank of Canada is that vis-a-vis the U.S. dollar, the United States dollar we should have an interest rate

policy that artificially protects the Canadian dollar in relationship to the United States dollar and in my judgment that is a mistake. It is a mistake for a number of reasons and I want to make the case.

The first factor is what is happening to the American dollar in the world? Well, you know what? The world in three years, the world money markets have changed dramatically and there might not be -- I will pick a hundred people in the whole world out there playing the money market speculation game in Hong King, Tokyo, Chicago, New York, London, Zurich, Frankfurt and a few other places and they are manipulating this market. It is a great game. Boost of the American dollars, get the herd mentality and then sell your American dollars and make a profit and away you go. It is a small group of people. In the three years since we have last talked on the subject it has changed and the idea that a hundred people, speculators throughout the year can cause the farmers and small business people in my province to go bankrupt isn't acceptable. Now what to do about it? I throw you this thought: you don't have to say to the Bank of Canada "We are going to tell you what to do day to day, week to week," but why not get Canadians off this kick that we look at our currency vis-a-vis the American dollar all the time? Why not get every statement issued by your government, our government and the Bank of Canada relating our currency to a basket of currencies, to a basket of currencies and then let's see how we do? I think we will do very well.

So, I leave it to you, Prime Minister, as a policy matter, that sounds very esoteric, it sounds very complicated, but boy does it ever come home to that farmer in Witaskiwin.

THE CHAIRMAN: I am sorry, you mentioned the parameters. In point of fact the Canadian dollar has been gaining in percentage terms strength vis-a-vis the yen and the mark, the franc, dramatically vis-a-vis the franc and the pound, very dramatically the pound, and I think that is an accurate assessment in that regard and is probably accurate.

In terms of parameters I suppose you are talking about some kind of umbrella for instruction or guidance; is that what you are thinking of? You use the term parameters vis-a-vis -- we all accept the notion of the independence of the bank, the central bank, but what would you have in mind generally in parameter kind?

THE HON. PETER LOUGHEED: There may be others and there may be better ways of doing it, but I have this concept of a parameter in mind. Develop the basket of currency and then have the parameter for the Bank of Canada that they don't increase interest rates to protect the Canadian dollar except against the basket, as distinguished from the American dollar.

Now, I am open to debate, but I am saying the time has to come and I know the difficulty that you and your government are in because the traditional Canadian position has been hands off Bank of Canada, but we are in a different position here. I was there in Europe talking to people. We know where the American dollar is going, Prime Minister, and we are getting dragged along with it. I just think

that the counter-arguments that were made in 1982 about import costs and inflation just haven't proved out, so I even feel stronger about the point, so I leave it for you to debate, but that is the sort of parameter and I just throw it as a suggestion, Prime Minister. There may be other ways of doing it.

THE CHAIRMAN: I thank you for that, Mr. Premier, and I point out that interest rates have been coming down as you know and by a fair margin. We have had two changes to that trend that has been fairly consistent over about 22 weeks, but I think we all recognize that everything that we have talked about and will talk about is predicated upon the capacity of farmers and fishermen and small businessmen to gain access to job creating equity capital at reasonable cost, that is what it is all about. So I appreciate your views, but I point out that the policy that we have been following has been helpful thus far and the actions of the Bank of Canada recently have had by and large a moderating influence on the speculation to which you refer and we are up against ^a surging American dollar and so I appreciate your view and your comment on that parameter.

HON. PETER LOUGHEED: Could I just make two other comments on two other areas very briefly?

On investment, there are some that assess investment potential in the country in terms of job creation relative to the sectors differently than we do in Alberta and I believe in a number of other provinces. We believe, and as you said, Prime Minister, last summer that the energy industry really has an opportunity to create jobs and in my judgment I think you were right last summer and I believe that you are right today in the sense of pushing forward in terms of job creation in the energy field, because yes, the world oil price is fragile today, but it has been the judgment of most

of us who are involved it is pretty short-term. As Ms. Carney knows the major projects we are talking about such as the one already involving Saskatchewan and the Husky Bilateral Project on our borders, that project by the time it is constructed will be constructed and in operation and the investors know this at a time when they think there will be stability in world oil prices, so I really do think that there are great opportunities for jobs and the multiplier effect flows all across Canada in the energy field. I just wanted to make that case in some rebuttal to those who have been pessimistic.

The final comment I wanted to make and I realize that others want to comment, so I will make it brief. I very much agree with the thoughts that have been given by the other Premiers with regard to tax incentives. We have done a great deal with that in the province of Alberta and most times it has worked. I think you said it too, we have got to get the balance sheets better of both small and large corporations and we have got to get more of our savings into equity.

I want to compliment the Premier of Quebec. He mentions a Quebec stock plan and he made me nervous by saying it was costing him too much. We just brought out a small business equity plan that followed the lines of a couple of other provinces and we had our minister come to the table three months after it started and say it was running out of money and that is good. It is not big money so it is not a factor in terms of budget deficit, but it is venture capital support and there are a number of ideas and I won't take the time to get into it, but I really think that if we

can either as a follow-up to this meeting, Prime Minister, or at luncheon discussions get into ways, and they have been suggested, and you have considered some of them in which we can get Canadians saving more effectively into equities we are going to strengthen our economy and again that adds to the issue with regard to interest rates because it reduces the burden in terms of interest rates.

Thanks very much.

THE CHAIRMAN: That initiative that you spoke about, referred to, I think, in the flattering sense is the Plan Parizeau at the time. I think that had a lot to do with the tie-in, the direct tie-in between that and the growth in the small business sector as well. There were restrictions on it and as I remember it there was a write-off provision, but you had to hold the stock for two years I believe it was, otherwise -- I believe it was the first that I can remember anyway of that dimension and I thought it was a very helpful idea and I know that others in various jurisdictions are considering it.

Thank you, Mr. Premier.

May I go to the Premier of Nova Scotia, please?

HON. JOHN M. BUCHANAN (Premier, Nova Scotia): Thank you, Prime Minister and colleagues.

First of all, Prime Minister, I extend congratulations to you on convening this First Ministers' Conference on the Economy so soon after your election and also moving the conference from Ottawa to this great province of Saskatchewan and thank the Premier of Saskatchewan for the courtesy and hospitality extended thus far. It makes one

feel that we are back in Nova Scotia.

Also to be met by those smiling, enthusiastic students this morning, who I am told, Premier Devine, had been given a holiday today so they are very pleased that we are here because of that, but it was a great beginning today to see them out there, so enthusiastic and greeting us and signing autographs again made one feel that we were back in Nova Scotia where we do a lot of that.

Mr. Prime Minister, this is indeed I suppose what has been called and truly called a new era of federal-provincial co-operation and federalism and it has been manifested already as has been stated around this conference today by new federal-provincial agreements negotiated and signed already under the initiation of the government of Canada led by yourself and your ministers.

A good example of that, Mr. Prime Minister, is the fact that within 44 days, give or take a day after your election as the Prime Minister of Canada, we completed a fisheries agreement in Nova Scotia which we had been attempting to negotiate for two and a half years before that, so I think that is pretty good performance and a great example of the kind of co-operative effort that we will have between federal and provincial governments for the next number of years.

Also I extend congratulations to the new Premier of Ontario seated to my left. He certainly is no stranger to these conferences and many that I have attended he has been seated to my left, but at my immediate left. Now he has moved over just one and to the left I notice.

Mr. Prime Minister, I look forward as I know all of my colleagues do to listening to the advice from the new Premier of Ontario, Premier Miller, based on years of

experience in government and I also look forward to sitting around this conference with the Premier of Ontario for at least the next decade and listening to his advice.

Mr. Prime Minister, may I also on behalf of the people and the government of Nova Scotia offer our sincere congratulations to you, your Minister of Energy and the Premier of Newfoundland on the signing of the Newfoundland-Canada Atlantic Accord. This accord is good for Newfoundland. It demonstrates an attitude that we certainly are pleased with in Nova Scotia and we are looking forward to the signing of amendments to our present agreement which will be much better than we have at the present time and that will also demonstrate a change in attitude and will also be good for Nova Scotia and good for Canada.

THE CHAIRMAN: Mr. Premier, I found out that the way that you sign an energy deal in Newfoundland is to have a federal energy minister who is both from British Columbia and Irish.

HON. JOHN M. BUCHANAN: Well, the Irish and the Scottish peoples of Nova Scotia have always gotten along well.

Mr. Prime Minister, the people of Canada are not watching this conference today and tomorrow to hear mere rhetoric; they have heard that before. I join with other colleagues this morning who have indicated that the people of Canada are watching this conference for change. They are watching this conference to see what has been termed an attitudinal change, a change in the way that governments operate vis-a-vis the rapport with themselves. So that if we have a consensus after tomorrow, if we sincerely indicate co-operation between the two levels of government, if we work

together then the people of Canada will certainly know that we are very sincere in what we are doing and I believe this conference will go a long way to being a big success. Canadians will not accept bickering and they will not accept confrontation that they have witnessed before at this kind of conference and I believe the stage has now been properly set by you, sir, and your attitude and the attitude of the new federal government. That has, in my opinion, instilled more confidence in the people of Canada in the governmental system and in the federal system, if I would, in five months than we have seen in this country for the past decade.

People are also looking for some positive, substantive decisions out of this conference affecting the economy and affecting the economy in many ways. First of all, recognizing the regional diversity of this great country. That is something that we haven't seen for the last number of years in this Canada of ours. Training and retraining, so vitally important to meet the challenges of change that are confronting Canadians in the next number of years and the opportunities in business and jobs for women. I was very pleased, Mr. Prime Minister, that you alluded to that in your opening statement. Trade, vitally important to Nova Scotia. It is interesting to note that in our small province some 60 per cent of everything we process or manufacture is marketed outside of Nova Scotia and for the most part outside of Canada. We have developed in Nova Scotia or will be developing a trade development authority and that authority has as a goal doubling the exports of Nova Scotia in the next five years and that means 40,000 new jobs. So trade is so vitally important in the economy of our province and in the economy of Canada. So that when you tie all of that together it means one thing: jobs. That is why we are here. Jobs for Canadians.

So, Mr. Prime Minister, Canadians are watching with great hope and with great anticipation. They are relying on us to remember them and we must ensure that the end result of this conference is that we are people oriented and that we are job oriented.

Mr. Prime Minister, just a few comments on matters that are interrelated but primarily on investment. One year ago this week the government of Nova Scotia issued its white paper on economic development. Many of the themes outlined in it parallel those in the federal paper, a new direction for Canada an agenda for economic renewal issued within the last month. I want to extend congratulations to your Minister of Finance Mr. Wilson because this document definitely does indicate a new direction for Canada as I believe this conference will indicate a new direction for Canada. Our white paper is a definitive statement of government policy. It is a result of five years of intensive study and discussions and we believe it also responds appropriately to some of the questions now being asked across this great nation. We believe there are a number of points in our white paper which would be of value to governments involving the private sector from the beginning in economic and development discussions, challenging the private section to take the lead in generating economic growth, broader availability of government assistance programs for business and mainly in short-term help in ending the competition resulting from government producing goods and services in-house when they could be purchased from private sector suppliers. Our white paper states that rather than taking a direct role in the economy government attention should focus on the activities for which it is particularly suited. These functions would include manpower training, the development of management skills, aid to business in adapting and developing new technology and trade promotion and marketing. Those are

the areas where we should be concentrating as governments. So essentially what we have done in Nova Scotia is to challenge the private sector to show that it can perform and perform responsibly when the policy environment is more stable and more conducive to investment generally.

The primary role of investment, Mr. Prime Minister, has what we think are the four themes that we are discussing at this conference because I think as the Premier of Saskatchewan has indicated they are all interrelated, but strong and vigorous investment is indispensable for the realization of success in those other areas. Investment, of course, will provide new opportunities for employment. Investment affects the opportunities for innovation and diffusion of new technology. As you said in your opening statement, how well this country handles the new technology of the 1980's and into the 1990's will determine our ability to compete in the marketplace.

Mr. Prime Minister, just again to come back to our small province, in Nova Scotia we have witnessed the tremendous positive impact that investment in energy resources has on the economy. A few examples: the Premier of Newfoundland will agree with this, that off-shore exploration has resulted in a significant number of jobs. The success, for instance, of our small tidal project at Annapolis Royal which by the way is the location of the first settlement in Canada and maybe the first settlement in North America, a very historic spot and I invite each one of you to be there. My Minister of Finance right behind here represents that area. He told

me to say that.

Investment in developing the great coal resources of Cape Breton, going a long way to stabilize employment in that region of the province. So we are convinced ...

THE CHAIRMAN: Just to interrupt now that you mention Cape Breton it is an area where -- we have in the country some special areas -- problems recently in Glace Bay and others. We have all known -- some of us lived through the problems there in Cape Breton Island, some areas of Northern New Brunswick, Eastern Québec and so on. Talking about addressing them should this conference or federal-provincial governments be zeroing in on what do we do to attract in a special way new investment dollars to those regions of the country? Should we be looking at this in a uniform way or should we give special considerations? The Premier of British Columbia has been talking about some variation of that kind of theme but, you know, you have Cape Breton. I mention it because you referred to it where there are tremendous problems, high unemployment. It seems to have been that way ever since I first went down there 30 years ago, a tremendous amount.

We then have the problem I think we all agree upon of unproductive industries being located there and I think there would be general agreement that for example heavy water which is used to sustain the livelihoods of a lot of people is spending a lot of money which perhaps could be spent more productively and more durably for the people of Cape Breton. Investment, how do you attract the investment there? We would be ready to look at some kind of co-operation with the government of Nova Scotia and that

kind of specific area to relieve permanent hardship, get some investment dollars in there and I wondered if your government had considered that in a specific way?

HON. JOHN BUCHANAN: We have, Mr. Prime Minister, and I am very pleased to hear your comments about special considerations to certain parts of the country where there has been and continues to be chronic unemployment and Cape Breton is one where over the past 30 years there has been chronic unemployment and it is increasing rather than decreasing. There is no question that special considerations have got to be given to that part of Nova Scotia. How you attract investment I think will be best handled by the federal and provincial governments co-operating and working closely together. We have already discussed this with your federal Ministers, with the Hon. Flora MacDonald, the Hon. Sinclair Stephens and your Minister of Finance, the Hon. Mr. Wilson, and I believe in discussions you and I have had, I think a co-operative approach by the federal and provincial governments in rather a special way to do certain things that will be conducive to attracting new investment to that area will be much better than the kind of band-aid approach that we have seen in Cape Breton over the past 20 to 25 years. It just hasn't worked and it is not going to work if we continue it. So we welcome the initiation by yourself of a new approach for areas like Cape Breton and we are certainly prepared and willing and want to work very closely with you and your Ministers in a special -- giving some kind of special considerations to drawing new investment into that area

which will be long term and more viable than the kind of approach we have had over the last 25 years.

So, Mr. Prime Minister, that was just an example of how energy resource investment can create jobs. Mr. Prime Minister, in our view placing investment on the agenda today as the first item is much more than just appropriate. It is absolutely correct because not only is investment the driving force in realizing strong and sustained output, productivity and employment growth but the failure of the economy to achieve its growth potential in this decade thus far is traceable in large part to the weakness of business investment. This in part has been caused by government interference, regulation and a lack of a national direction and that correction is now underway, that lack of national direction, but there is still a lot of uncertainty in the business community about the economic outlook. I believe we are all encouraged by recent Conference Board quarterly survey of business attitudes which report a growing percentage of business planning to invest in this country and we certainly are encouraged by positive signs outside Canada such as the United States which, after all, is the biggest market for our part of Canada and that they are now ready to invest much more in Canada primarily as a result of an attitudinal change on the part of Canada brought about, sir, by the speech that you made in New York City, a speech which indicated quite clearly to investors outside this country that the welcome mat is now out for investment in this country. The appropriate role of government is to encourage business investment by

establishing a stable fiscal and monetary environment throughout the country and that is what we are doing at the present time.

So today we have the opportunity to begin together a process that will ensure a predictable climate for Canadian business, a climate that will strengthen the already perceptible improvement in business confidence. Many ingredients go into the shaping of an economic policy environment that will be conducive to business investment. Our white paper discusses many of those. One of them is the tax system. We recognize the important relationship between the tax system and private sector investment decisions. As one element of the implementation of our white paper we established a task force on investment and taxation. The purpose of the tax force quite simply was "To examine provincial and municipal tax measures as they affect the business environment in Nova Scotia and make recommendations as to how we can stimulate more productive investment in our province." To date, I won't go into in any detail but some of the submissions that have been made by business people, agencies and citizens of the province are very, very interesting and we will detail them at a later date. But considerable attention and discussion is being given to the need to simplify the tax system.

Mr. Prime Minister, over the historical sweep of what has been called Canada's economic development, the periods of highest economic growth have been accompanied by high rates of capital formation. These times of rapid growth could not have been realized without the influx of foreign investment to augment the pool of domestic savings. The restoration of strong and sustained growth in Canada will again require that the nation tap external sources of investment funds. Now, we have long recognized in our province the importance of foreign investment. If you look around a small province like Nova Scotia, many of the long-term industries providing a lot of employment are foreign in nature, foreign investment, and they have promoted growth in this country and in new job opportunities and so that is why historically, Nova Scotia has always opposed the foreign investment review process and that is why, Mr. Prime Minister, we welcome the new initiatives and the attitude towards foreign investment outlined by the new government of Canada.

One of the often cited reasons, Mr. Prime Minister, for our weak investment performance is high interest rates and that may be so. The Premier of Alberta has given us some very innovative discussions this morning on monetary policy and interest rates, but business people in Nova Scotia are telling us that fixed long term interest rates are much more important in promoting investment than low interest rates per se. Volatile credit conditions have seen floating rates replace fixed-term financing. Investors must have the confidence that credit conditions will be stable before committing funds long-term. So, it is especially important in Nova Scotia for small and medium-

sized businesses which are the backbone of the economy of our province to depend and depending more on debt than on equity financing.

The Premier of Alberta I believe is quite correct when he says that the parameters could be set for the Bank of Canada by a national government and I think it is interesting the kind of comments he has made are very interesting in determining what is in the basket in foreign exchange.

A commitment to stability in Canadian interest rates is certainly not an easy task to fulfill, but we believe that the principal way for Canada to address the interest rate dilemma is to create a climate which attracts equity investment by foreign investment. The resulting expansion in our economy will relieve the pressure on the Canadian dollar. In turn, a strong economy will attract more foreign investment.

So, Mr. Prime Minister, I began my remarks by referring to Nova Scotia's white paper on economic development. A year has passed since its release. The implementation has proceeded smoothly. Through our voluntary planning board government and business have worked closely together and we will continue that process and I was very pleased, sir, to note in your comments the fact that consultation is good for the country. It is not a waste of time. It is good for the country and it indicates strength in the country.

So, Mr. Prime Minister, Canadians are encouraged, they are enthusiastic about their country and we must also be very enthusiastic. We must lead the way

and our enthusiasm must not only be perception but must be real. We have a lot to be enthusiastic about in this country and let's now translate that into positive action which will result in jobs and jobs for Canadians.

So, Mr. Prime Minister, again congratulations to you and to your government. This is a good start and your commitment to people is one that we like in Nova Scotia. There is an old saying "the first step is half the distance." Mr. Prime Minister, we are now taking that first step.

THE CHAIRMAN: Thank you, Mr. Premier. The Premier referred to a monetary policy and discussion with Premier Lougheed. I think, you know, one of the words that we haven't used specifically which is productivity I suppose finds its way into the word "competitiveness" that we are all trying to talk about, but you know there is a feature that I think as we go to Premier Bennett and he is big on this, on his concerns about this as well, but there is I think a factor that deserves mentioning and that is that there are a lot of companies in this country whose balance sheets look very good because they are buying goods and services in Canadian dollars and they are selling their products in American dollars and they are getting a big kick on the dollar. Their balance sheets looks healthy because of the exchange market and what that does is mask artificially weak productivity and when you have anaemic productivity then we are not getting to the root of the problem. So I think there are a lot of balance sheets in this country, and I am not speaking so much of the ones we talked about earlier or that the Premier of Quebec talked about earlier, the small businesses, the Canadian balance sheets, the small

businesses that are under-capitalized and the balance sheets are very weak and they need this kind of accelerated and open access to equity capital, but I think that we may be getting distortions as well in some of the figures when the productivity figures are substantially altered by the fact that no, you are not making any money, you are making money because of currency and your balance sheet looks awfully good, but you are camouflaging a situation that could be dangerous if it were general, because we are just not that competitive in 100-cent dollars. I think we all know of some industries where if the dollar went to 100 cents there would be some balance sheets that overnight wouldn't look as productive and as tidy as they do now.

The Premier of British Columbia.

HON. WILLIAM R. BENNETT (Premier, British Columbia): Thank you, Mr. Prime Minister.

It is a good feeling to come to a First Ministers' Conference, especially being held in Regina and feeling the warmth of welcome, but also a different atmosphere. One of the pleasant parts for me and I guess all British Columbians is to see for the first time in many years an elected Cabinet Minister from British Columbia sitting beside you Prime Minister, reflecting not a partisan statement but something you touched upon in your remarks which I think is significant, it is that your government is a national government, it does have representation from all parts of the country and I think that that puts a burden on you as well as a great opportunity and that is to make all parts of the country feel equally represented, equally treated and given a conference such as this we have a chance to show them that they in fact do have a national government in which all

provinces have a chance to co-operate. So, I hope to take advantage of a situation we haven't had before.

Let me say I would like to talk on all of the agenda items at once, because it does provide a complete picture, but I am not going to do that, so I am going to table my opening remarks and speak to the agenda item on investment and respond to some of the other Premiers and statements that have been brought up that dealt with trade, inter-provincial trade barriers and other areas when we come to that topic on the agenda.

I would like to talk about investment though and I would like to refer to some of the remarks of my colleagues, Premier Lougheed, Premier Miller, Premier Levesque on different aspects of it because when we talk investment into our country we are not talking borrowed capital and there is a danger to talk about capital, all capital as if it was the same.

In the past in this country we have had the wrong policies. We have had policies that have encouraged people to become lenders. We have done that by having a policy of high interest rates.

We have not, on the other hand, had a policy to encourage investment, and while we can point to the Bank of Canada and we can point to monetary policy, we have got to point to governments as well in not giving the people alternative incentives to stop being lenders and become risk-takers and put their money into investment. So when we finally get to investment which is equity, there are two types of investors again, those from outside our country which I wish to speak to, but firstly, I want to speak to those inside our country, because despite

the fact that we have gone through a very difficult recession and it has been touched on that one of the problems is people aren't spending and some people want a consumer-led recovery where those of us with resources and trying to attract industry know and need exports. of course we need a production-led recovery even more, but when we talk about -- when we talk about investment then we have got to talk first about Canadians, because during this time that they haven't been consumers they have built up what I am advised is roughly \$640 billion in this country is in some sort of saving account.

Now, if you take away that which is now in stock investments of roughly \$110 billion you will see that there is left about \$530 billion that is in T-bills, it is in Canada Savings Bonds, it is in various sorts of bank accounts, credit unions and it is not in equity capital.

THE CHAIRMAN: RRSP's.

HON. WILLIAM R. BENNETT: RRSP's, so it also points out that government spending is one of the villains because we are competing for that \$530 billion by borrowing for current accounts. I wouldn't like government to get off the hook as one of the villains in high interest rates and in lack of capital into equity, but I do say that we have a chance and I take leadership here from Premier Levesque for this country on his innovative Quebec stock savings plan.

Now, the reason Premier Levesque has been able to do that and we can't do it in British Columbia is you have your personal tax collection outside the tax collection agreement with the federal government and so that you have been allowed to do all sorts of things that

we weren't allowed to do by the previous government.

M. RENE LEVESQUE: What are you waiting for?

HON. WILLIAM R. BENNETT: Now I am going to tell you that as much as am going to recommend provincial incentives in a moment, I would say that far better your stock saving plan not be a provincial plan but recommended as a national plan for people to invest in equities across this country.

I would like to see a national plan in which we will table a paper which very simply wouldn't compete with the existing incentives for those who get dividends from equities, but would encourage people to strengthen their balance sheet, Prime Minister, as you suggested with equity issues because they need it. Canadian business has got one of the worst debt-equity ratios in the world. They are not secure employers while they are in that position even though many of them are still operating. They need to strengthen their balance sheets so for strengthening balance sheets, encouraging new expansion within existing business and industry, small and large, and to attract new industry and business across the country and to encourage Canadians first to be those investors we would suggest a tax credit of 20 per cent of that invested in new stocks, in new equities across this country. The government while there would be a cost of about \$200 million to every billion dollars or more of new investment in equities, the governments would always get that back if those investors decide not to be permanent investors and sell their shares. You will get it back through our existing tax scheme and you can see that the more this costs in lost revenue now at the tax credit the stronger our country will be with that strengthening equity base that doesn't count on government taking money away and then handing it back out many times inappropriately, but letting investors make the choice as to which companies can do the best in both creating employment, creating economic value and competing and, therefore, that is one way to encourage our people to

invest. I say it is very important that Canadians be encouraged in this area and we get away from a banker mentality and a lack of risk mentality that all our policies have created and are part of the problem we face today.

Now foreign investment. Well, I would like to congratulate you, Prime Minister, as well because you have already taken the first step by cancelling FIRA and saying to the world that you have taken down the wall that has made it difficult for investment to come to this country, but just because the wall has been taken down and I think Peter touched on this, just because the wall has been taken down doesn't mean that investment and industry and processing will flow into this country as a result. We have got to now earn our way in the rest of the world by showing them we mean business and by encouraging them to invest their capital in plants, in more processing, in jobs in Canada that will certainly follow. We want them to bring more than their money. We want them to bring their marketing expertise because much foreign investment carries with it something that is equally important, an international marketing network. They will be able to sell the products that are produced in Canada because while you can set up an economy based on production if nobody sells it and nobody buys it it is worth nothing and, therefore, they bring that with them as well. They bring markets and that is important. So we have got to offer incentives and they have got to be both federal and provincial. We in our government in British Columbia are going to be introducing a number of incentives to

attract industry both from domestic investment and foreign investment in our upcoming session and budget. We know that those incentives will be positively administered under the federal tax collection agreement as part of us building the economy of that part of Canada and broadening an economic base, quite frankly, which has suffered very severely in the international recession because of our large dependency on resources, our large dependency -- larger than any other part of Canada -- dependency on exports and purchases from abroad for those products. Two-thirds of our economy is earned abroad and therefore we have suffered because of our dependency on resources.

Now we want to administer those incentives, so I urge strongly that that is a way in which all parts of the country can attract industry. The second thing is an incentive on removing a disincentive and that is that all governments should be cautious that in this time of trying to attract business and industry and also balance our budgets or reduce our deficits that there will be a tendency or a temptation to take the easy way out and that is to put up taxes across the board in areas that will prove to be counter-productive, that is, they will drive industry away. They will further penalize your existing industry, but I know it is a temptation to do that rather than cut spending, but I say to you you cannot be inconsistent in your policies of attracting investment if you are going to on the one hand try to attract and on the other hand drive it away.

I was particularly interested in the Premier of Ontario, Mr. Miller, who I do congratulate on

your election to that office and look forward to serving with you for many, many years around this table. I was interested in your special incentive for existing small business and encouraging new small business of not charging taxation at least for a period of a number of years as a means of them repairing their balance sheets. They are the largest and quickest employer and, therefore, I think that is something that we should look at, Prime Minister, collectively. If not collectively, we at least provincially will look at that from our province as a means of helping the existing business now and encouraging more small business to start up. Their growth will be the reward, the economic reward for this country, taking people off the unemployment rolls will be the economic reward. Taking people off welfare and I think that is a good suggestion. So along with what we have picked up from Premier Lévesque I think that these conferences can help us develop the national policies we need.

Now over and above our provincial policies of incentives there is a chance for you, Prime Minister, your government to show leadership in what you discussed with Premier Buchanan and that is that there are opportunities over and above what would be done across a broad provincial economy or the Canadian economy, a chance to do two things. The first you suggested. You have talked about helping special areas, but also there is a positive side that there is a way to tap new emerging markets from a different perspective. There are footloose industries in this world that can locate anywhere. We know them. There is a competition for them.

There are footloose industries in this world that employ a lot of people that could come to Canada and they don't. There are a number of these industries, not a lot because it may be a very narrow list so that it doesn't compete with existing business and industry we have in this country, a very narrow list of industries that we could capture that we wouldn't otherwise get if we had special economic zones to take advantage of the European market, the U.S. market, to take advantage of the growing Pacific rim market and that is how I first developed our specific interest in this. I think it has to be a federal policy because you have to look at the country as a whole and how such special zones, where they could be located, where they could be tried and how they would work, but you will need the co-operation of the provincial government wherever that zone may be created and therefore I want to assure you that we have looked at all the tax changes, regulatory changes and other changes that we would have to do, undertake in order to co-operate with you in having that as an additional Canadian strategy for attracting investment, industry and jobs and we will co-operate with you fully, Prime Minister, in that further adjunct which is not competitive with any of the other things we are doing now, but as an adjunct to the Canadian industrial plan of attracting investment markets and jobs.

Therefore, Prime Minister, I think we have a chance to agree on a number of things. I think we already agree, Mr. Miller and I and Premier Lévesque and I, and I think that you can agree that some of these things can be

done on a national basis and we can go out of this conference not with a lot of words and a lot of paper, but with a number of very pointed, firm agreements that Canadians can believe in, a plan of action and a plan of action that we can put in place in our legislatures and our budgets this spring. Thank you.

THE CHAIRMAN: Thank you, Premier Bennett. I would like to go immediately to Premier Pawley of Manitoba.

HON. HOWARD PAWLEY (Premier and Minister of Federal-Provincial Relations, Manitoba): Mr. Prime Minister, first I want to commend you on holding this full-scale First Ministers' Conference. I was present at the First Ministers' Conference of March, 1982 and regrettably that conference was not productive. There was not held a First Ministers' Conference of this type since then. I look forward to this First Ministers' Conference being much better spirited in order to ensure constructive, positive proposals to deal with the very concrete difficult problems facing Canadians.

As well I would like to commend Premier Devine on hosting this conference. I wish to tell you, Mr. Prime Minister, when he talks about the warmth and the friendship of the province of Saskatchewan much of that does flow over from the sister Province of Manitoba in case you are under any illusion in that respect.

THE CHAIRMAN: I was quite aware of that.

HON. HOWARD PAWLEY: And to Premier Miller I want to commend him on his successful election as the leader of -- the Premier of Ontario -- I wish him personal success, not necessarily political success.

I want to, Mr. Prime Minister, emphasize that this conference brings to our table a truly remarkable opportunity for a nation to begin again in a co-operative, constructive effort to address the major problems that confront us all. Although there is no doubt we will have some disagreements around this conference table, I think our agenda lends itself to consensus building and in our view that is very critical. We believe that consensus building and confidence building go hand in hand. We all want a national consensus for recovery and for renewal as you have spelled out, Mr. Prime Minister, but we must all recognize that it won't hold together, it won't work, it won't have widespread support throughout this country of ours unless it is fair, fair to all provinces, to all regions whether they be large or small, whether they be east or west. It must be fair to ordinary Canadians, to women, to native Canadians.

Simply put, we are here as First Ministers to build a fair consensus for Canadians. Now, we reflect the outcome of this conference in our budgets that will be coming up shortly. I believe that will be one measure, one test of our success around this conference table and there will be other tests, of course, as we proceed along in the months that lie ahead, but unquestionably today unemployment is the major number one economic and social problem confronting us all as First Ministers and despite two years of economic recovery in this country, Mr. Prime Minister, we still have 1.5 million Canadians unemployed, 600,000 more than before the recession. This human cost is scandalous to a country as rich and full of abundance as is Canada.

I was in Japan just a few months ago with some of my colleagues. There is a country with little by way of natural resources, but they have been able to organize that human, the skills and the talents that are available to them to ensure that they have an unemployment rate of 1.5 to 2 per cent. I think it is not a dream that we ought to dismiss as one that we can't arrive at in our country. Unemployment wasting our vast resources, resources which could be channelled into production of reasonable housing, other commodities, services many of our people want, but are forced to do without. Unemployment in Canada is leaving resources idle which ought to be directed towards longer-term employment development, economic development of our country. Unemployment is a national tragedy that is no longer acceptable in our country.

So, Prime Minister, the most important commitment I believe that we can make as First Ministers is

to make -- take to Canadians is that key objective of achieving jobs, creating economic development, reducing unemployment and this I believe must be the central theme throughout all of our deliberations, investment to help create jobs. Increased productive investment is central to Canada's economic performance over the long-term. It is the key element in securing sustained economic expansion, new job opportunities, improved competitiveness and the development of regional economic strengths. Worthwhile investment must serve the needs and aspirations of Canadians, but I would like to warn, Mr. Prime Minister, that investment is a means to an end and it must not be the end in itself. The effort to attract capital to develop our economy should not follow the acquisition and shut-down of viable operations which recently occurred in our province, because that removes productive capacity from our economy and is an example of disinvestment in our future. An open door to foreign capital can be a door through which is not carefully handled by which jobs can leave Canada if we are not careful to safeguard Canada's national interest in investment.

Our government firmly believes that productive public investment as well as productive private investment has a vital contribution to make to our nation's future. The fact that public sector investment in Canada has traditionally accounted for about 30 per cent of total investment underscores its importance. In this respect Canada has a unique history. Canada was forged as a nation by major public investments; geography, climate, a sparse population, all combined to create demands for public leadership. Our people today owe much to the public investments, undertaken in decades past

by confident governments, with vision, with faith in the future. Those investments helped secure the development of the utilities, our national transportation system, our communications system, our energy systems as well as our high quality social infrastructures, including health and education, urban, recreational facilities and so on.

Those investments have added immeasurably to the quality of life in Canada and will continue to do so in the years that lie ahead.

I believe that our history clearly demonstrates that we are not playing a zero sum game. Public investment does not squeeze out or discourage private investment. Instead, I think the stimulation that is created by wise, prudent public investment is often a critical and important factor in creating confidence, in securing private investment expansion and I think that has been our experience in the province of Manitoba, that in fact by concrete participation with the private sector there are benefits that flow from those types of initiatives in the community as a whole.

Certainly there are measures that our governments can take to improve private investment: first, it is to reduce high unemployment and use government fiscal policy to strengthen the recovery of domestic demand in Canada. Increased employment, incomes, demand for goods and services will contribute concretely to private investors' perception that the markets will be available, available for expanded production.

I think that a further pulling back or downgrading of the importance of public activity is not going to contribute to Canada's investment prospects, consumer, investment confidence cannot be rekindled by undercutting vital public

services, human services.

Inevitably, if we do so, Mr. Prime Minister, it is those that are least able to bear that burden that will be affected most in our society.

Also confidence cannot be rekindled by proceeding with cut-backs in federal equalization payments, or support to disadvantaged regions of the country which require greater and not lesser federal support if current opportunities to improve the regional disparities in our country are to be improved and opportunities to be enhanced in the various regions of Canada.

I think we must also recognize that large segments of our society have been unfairly denied full participation and fair reward. Women, native Canadians, other groups are calling attention today to their legitimate concerns, their aspirations. They are demanding an end to structures which have perpetrated their economic vulnerability. We must demonstrate that we hear their concerns, we understand their concerns and we welcome the contribution they seek to make as an integral and important part of the Canadian family.

I think our way of demonstrating that commitment would be our active support this summer to the Conference of Ministers pertaining to the status of women and my Deputy Premier who is with me will be hosting -- be the hostess for that conference in Winnipeg this summer and that conference deserves the wholehearted support of us all around this table.

THE CHAIRMAN: As one, Mr. Premier, who has a record number of women in the federal Cabinet I am honoured to accept the invitation.

HON. HOWARD PAWLEY: Very good. We will see you.

THE CHAIRMAN: We will send a record number of Cabinet Ministers to you.

HON. HOWARD PAWLEY: We will see if we can't match you. All of us at this conference have witnessed the devastating effects of high interest rates and I want to deal for a few moments with the comments of Premier Lougheed. I think it is very difficult as we sit around this table sharing our views and concerns about the future of Canada and our vision of the future of Canada unless we do come to grips with the terrifying impact of crippling interest rates and the danger that those interest rates are going to increase again. My information is, like others have mentioned, that we may in fact be in for the second week of interest-rate increase. I want to mention to you, Mr. Prime Minister, a third point that was made by Governor Bouey at that famous private discussion that was held in 1982, infamous discussion. During the course of that discussion, Mr. Prime Minister, the Governor of the Bank of Canada acknowledged that the high interest rate policy had an uneven impact upon different regions and provinces of this country. He acknowledged that it had less impact on some provinces where there are large corporate entities that can generate their own wealth as opposed to other provinces and Premier Lévesque is nodding his head because a specific reference was made to

Québec and the Atlantic Provinces, to Manitoba. There was a large base of small business enterprises. That was an admission that was made at that conference and, Mr. Prime Minister, I want you to know that at the same time there was no indication at that time in 1982 that the federal government felt any responsibility to deal with those inequities that were created by that kind of interest rate policy's uneven effect on different parts of the country. There was a failure on the part of the previous government in Ottawa and I raise this because I would ask you, Mr. Prime Minister, first I want to endorse the comments made by Premier Lougheed in regard to interest rate policy. Thirdly not to permit an uneven interest rate policy to have an uneven effect upon different Canadians in different parts of this country. The western farmer is now in a terrible squeeze with interest rates. Farms are being lost on a daily basis. Small businesses, rural communities especially, homeowners fearful of again a resurgence of high interest rates, so, Mr. Prime Minister, I think that you sense from the comments around this table that we share a conviction that we just cannot allow interest rate policy to proceed without a thorough examination of alternatives. You have heard some of those alternatives about the different impacts on different regions of this country.

Mr. Prime Minister, in particular opportunities exist in virtually every region of this country that we can build upon, we can strengthen our country. In Manitoba we are proceeding to the construction of the limestone generating plant. It is a major opportunity for Manitobans. Employment,

other benefits are going to extend well beyond the provincial borders of our province and I think it will include an improvement in Canada's balance of payments, payments for the future. We welcome your recognition of the important benefits that such initiatives have for our country and your interest in finding appropriate ways in which federal action can support those initiatives. During our meeting in December, Mr. Prime Minister, I suggested that federal participation could assure comparable borrowing costs for major projects across this country so that we could better equalize the ability of Canadians in different regions of this country to untap their resources and utilize their resources to achieve self-sufficiency as in fact Newfoundland is now proceeding to do. It is crucial to the future of this country. Such co-operation can form the basis of a national investment strategy geared to building on the strengths of our various regions. All governments as well share a prominent concern about our fiscal positions which inevitably reflect the immense costs of the recession, high interest rate policies and the significant and unfair erosions of our tax base on which public services depend. I believe all of us are in agreement that operating deficits must be controlled, controlled better, especially if the economy improves. Most recognize the legitimate distinction that exists between deficits incurred to carry on current programs and borrowings for capital purposes. We should all be able to agree that the best way to restore fiscal flexibility is to put people and industry back to work or, as you put it in March, Mr. Prime Minister, a very fine

quote, "The main way YOU reduce the deficit is by increasing the wealth of this country." Our province believes that to increase the wealth of the country we must address both the immediate unemployment crisis and the longer-term developmental requirements of our economy. In this context we should remember that the overall resources directed by governments in Canada are in line with the experiences of other industrial countries.

There is no evidence in international comparisons to suggest that a smaller-sized public sector leads to a more successful country. However, there is a compelling case for a comprehensive review of the Canadian income tax system to restore fairness, taxation based upon ability to pay, to help restore fiscal responsibility. In overall terms the federal Auditor-General recently estimated that the cost of the various tax preferences and incentives in the tax system may be as high as \$50 billion annually in federal revenues alone. The November 8th agenda paper, a new direction for Canada, pointed out that corporate income tax preferences have reduced the effective federal corporation income tax rate from 36 per cent to 15 per cent of profits and many profitable corporations have such storehouses of write-offs that they are unlikely to pay any income tax under current rules for years to come. Individual income tax incentives, preferences I think have steadily eroded the tax base since the 1972 general tax reforms took place and generally those provisions have benefited a few Canadians to the point where Revenue Canada estimates that over 8,000 Canadians with incomes of

over \$50,000 pay no income tax at all insofar as 1981 was concerned.

Unfortunately the confidence of Canadians in the basic fairness of the tax system is being undermined by the range of preferential and special provisions. Worthwhile resources which could be used more effectively are being wasted in more intensive efforts to beat a loophole-ridden tax system and while a few may avoid taxes thus leaving working men and women to pay the bills the resulting deficits are too frequently being used as justification for a tax on public programs, public services.

Mr. Prime Minister, in the election campaign you supported the principle of a minimum tax for the rich in Canada. Surely it makes equal sense to have a minimum tax on profitable corporations as well. I trust that such provisions would be included in the 1985 federal budget. Minimum tax provisions are, of course, only immediate emergency measures. Comprehensive reform leading to a simpler, fairer tax system is also required. Such a system would, in our view, be in the best interests of all Canadians and as a first step on the path towards tax reform and as a tangible evidence of a collective commitment by First Ministers to the restoration of a fair income tax system I would urge that we convene a national tax conference to include business, labour, farmers, other Canadians. Such a tax reform conference would provide a forum for Canadians to bring forth their concerns on this vital issue.

In conclusion our decisions this week can do much to shape Canada's future and our vision in the decade ahead, beyond. Our decisions must be fair, fair

to ordinary Canadians, fair to working men and women, fair to the employed, to the unemployed, fair to youth, future generations. The approach I have outlined today is fully consistent with our commitment to fairness. In summation those brief elements include firm commitment to job creation, to ensure fair and equitable job opportunities for all, a strong affirmation of the value of worthwhile public investment as well as private investment, recognition of the important contributions sustained public initiatives make to the quality of life, to the economy, to private investment prospects, a commitment to support the legitimate aspirations of women to participate fully and share in the rewards of the economy, a commitment to reduce real interest rates, agreement to help farmers, small business operators cope with this legacy of crippling interest rates, fair national support for public services through all the regions and areas, provinces of Canada, a commitment to tax reform. I think a consensus on these and similar points would be a major achievement arising from this conference. It would be a major step forward for all Canadians. Agreement on a fair consensus for economic renewal would give Canadians a welcome Valentine's Day message and hope, hope for bread, not just roses.

LE PRESIDENT :

Nous avons le Premier ministre de Terre-Neuve qui est le prochain intervenant. Nous allons continuer probablement jusqu'à 12h45 afin de permettre ensuite à monsieur Hatfield et ensuite le Premier ministre Lee de clore la discussion sur cet élément important.

Je mentionne, entre parenthèses, que je pense que comme le représentant fédéral, je me dois de féliciter le premier ministre Peckford de sa persévérance et sa patience et même sur son courage depuis sept ans représentant les intérêts de sa province et j'espère -- qui a abouti dans l'entente dont il était question -- j'espère qu'il y aura lieu, pour le gouvernement de Terre-Neuve et du Labrador, de conclure dans un avenir rapproché d'autres accords au niveau fédéral mais, également peut-être, bilatéral avec le Québec, de nature à favoriser l'expansion économique dans l'ouest du Labrador, dans le Nouveau Québec et, par ricochet, la Côte nord qui se trouve à être dans le comté magnifique de Manicouagan.

Alors, je pense que c'est un signe positif pour l'accord même qui indique, espérons-le, d'autres accords de nature à favoriser le développement économique dans cette région importante du pays.

Monsieur le premier ministre Peckford.

HON. A BRIAN PECKFORD (Premier and Minister of Intergovernmental Affairs, Newfoundland): Thank you, Mr. Prime Minister. Hopefully the will that was present in getting an agreement on off-shore, perhaps we can also bring the same will as it relates to a little bit of water on the northern part of Quebec and in Labrador over the next few months between the three governments.

First of all, and I won't be very long and I will just table the statement rather than read it and try to shorten as much time that I will take so that we can get as many other participants involved as possible. I just wanted to thank the Prime Minister as everyone else has done in convening this meeting. It is a really good start to federal-provincial relations, to thank Mr. Devine and to congratulate Premier Miller.

I will make six points and I will try to make them as brief as I can. We are talking about investment and I will try to address my remarks to be as relevant as I can.

One, the whole question of investment is one of atmosphere and environment and I think we have started that since September 4th. I don't think there is any question about it. The Prime Minister's opening statement in which he was able to read out the initiatives that have been taken between the federal government and various provinces over the last four or five months has been substantial and significant and obviously if it continues on this path then the atmosphere and environment that is needed for people in Canada and outside of Canada to feel good about this country and, therefore, to loosen up the purse-strings, we are on the right road for

whatever positive effect that can have and as we have all said, I think it can have a very, very positive effect.

The various agreements, including the one that we signed the other day on off-shore resources will go a long way.

Number two is the foreign investment question. I was lead speaker at a number of Premiers' conferences over the last two or three years where we have talked about this and I advocated very strongly at the last Premiers' conference abolition. What we have now is a new agency I hope that has a new name. I would hasten to add the same way as a number of the Premiers have that I guess the jury is still out on that, as Premier Lougheed has said. It is a positive first step, no question about it. I found when I was in Europe a year and a half ago that I had to put up with as a Canadian more criticism and questions on this whole question of foreign investment than anything else that came up and it is very, very important and I think we have to ensure now that whatever this agency has as its mandate that it is streamlined, that it is positive towards the investment that is coming from other places, because we cannot develop this national economy totally by ourselves. I don't think many of us want to in any case, and that doesn't mean giving up your sovereignty, it doesn't mean being a good Canadian and all the other things that people try to attack us for when we start talking about foreign investment, but I believe strongly that I can be a loyal, true Canadian and still accept money from other places to help develop this country. They have done it in other countries and I am sure we can do it here and those kinds of boogaboos and myths that these people

propagate from time to time don't do anything to help Canada or help for sovereignty or loyalty or anything else.

Number three, and it has come up over and over again and it is the whole question of the monetary policy and interest rates and that infamous meeting of 1982. I have before me a chart which my people have done up as it relates to four or five major currencies against the U.S. dollar since 1980 to 1985 to where we are right now. The Canadian dollar and what has happened to it in relation to the U.S. dollar, the Japanese yen, the Deutschmark and the British pound and we have lost, I guess, as we all know if you do it in percentages, a percentage devaluation, the Canadian dollar of five or six per cent, the Japanese is around 15 per cent it lost against the U.S. dollar, the Deutschmark 35-37 per cent, the British pound, 49 to 52 per cent, so if you look at the chart the blue on the chart is the Canadian dollar and the Canadian dollar is above every other of those major currencies.

Now, we have a problem in Newfoundland. I agree that the agreement that we signed the other day is going to be very important for the long-term future of Newfoundland and it is going to go a long way to significantly improve the very desperate situation that we have in Newfoundland today. We have right at this very moment, 26 per cent unemployment. It has gone from 13.3 per cent in 1980 to 26 per cent this very moment and for people from 18 to 35 it is somewhere up around 40 per cent, 38 to 40 per cent. So there has to be many strings to our bow. One of the major strings obviously was this whole question of off-shore resources and being able to develop them and hopefully -- there is no question that is

going to be a significant improvement over time to the desperate situation that we face in our province.

But we have a very vibrant and strong fishing industry and it is extremely labour-intensive and it is going to continue to be a strong, large string in our economic bow forever.

Now, we are trying to sell fish as is Nova Scotia and Prince Edward Island and Quebec and New Brunswick and so on. We have a very large U.S. market and we have got to get more competitive I agree and more productive and we just restructured with the help of the federal government, the off-shore fishing industry and we are trying to do other things locally ourselves to improve and rationalize the situation so we have a very productive and modern and progressive industry, but when we go into the United States and if you assume we are going to do all we can on quality and marketing and improve those very important levers within the framework of the industry, when we go into the United States and Iceland and Norway particularly, the Scandinavian countries just as a deliberate national policy have devalued their currency by 20 per cent. It is going to be very, very difficult for us to be able to compete with them in that large market.

Secondly, we are we try to sell some fish also into Europe and I mean we are dead in the water, to use a bad phrase talking about fish, we are dead in the water. It is almost impossible. I have just had a trade mission in Japan and Singapore and other places, the ministers behind me were over. I didn't go. I think all the other First Ministers have now gone. I don't know if I can get a

collection after the meeting adjourns for lunch to see if I can get over myself, but we have that problem.

Now, I don't know, as Premier Lougheed has put out a creative way of looking at it and we have to come to some kind of national consensus out of it, but if interest rates go up again it is the western farmer and the eastern fisherman. We are trying to make our fishermen more productive and more business-orientated. They have to purchase a long liner. If it is 45 to 65 feet long, it will cost then anywhere from \$300,000 to \$600,000 and they have to go chase the fish and if they don't get the fish and if the farmer gets the rain or the drought both of them are in the same position, they are both going to go under with the interest rates. We have a stable interest rate policy for fishermen in effect as we do for other small businesses in the province, but this whole question of monetary policy has to be addressed. It is serious and it seems that it is the only way that perhaps we can help stabilize interest rates over the next little while.

The next point, I think it is the fourth point, is the whole question of domestic investment as has been mentioned by Premier Bennett so eloquently, as he always does, and it really comes under three or four headings, Mr. Prime Minister, this whole question of domestic investment. It involves small business and how you can simplify the tax system for them. Put in some special incentives in certain parts of the country and to address your question to Premier Buchanan I think that perhaps some tax holidays. I think that there may be the whole question of free trade zones within the country to assist, something has to be done to help these special areas, there is no question and you can almost take

Newfoundland as a whole special area when it comes to that, but something has to be done along that line as it relates to small business for all the reasons given by all the speakers here this morning.

The whole question of savings, look at the amount of money that is available in Canada that is not being used that could be used. People could be perhaps getting a better return on their investment than they are now getting by putting it into the bank or RRSP's. We have to be creative to try to get that money loose and get it into the economy. I still believe that the tax system can be used in the whole question of the residential housing construction industry in this country. I don't think we should forget about that. I think that is extremely important as well and a more simplified tax system in any case, so this whole question of domestic investment involves the tax system being more simplified. We can look at residential construction through the tax system. We can look at our savings to equity and the whole question of small business.

Now, in our discussions and in our enthusiastic support for the concepts that we are now going to, I think, reach a consensus on as it relates to foreign investment, environment, monetary policy, small business and all the rest of it, in our enthusiastic support for that I would just humbly suggest to this gathering that at the same time let us not forget -- I have a statistic here that the federal expenditures in the last number of years in the period from '80 to '82 per capita federal expenditures grew by an annual average of 18.5 per cent. In Newfoundland, they only grew by 12.6 per cent; whereas in the richer provinces of Ontario and the west per capita federal expenditures grew by more than 20 per cent

Now, we have got to be careful that as we move ahead and I will enthusiastically and Newfoundland will enthusiastically endorse as will Nova Scotia, P.E.I., N.B., and Manitoba, enthusiastically endorse this whole thrust the way we are now talking about getting the economy going, but as we do so and I guess echo something that Premier Pawley said, it must be done fairly. We are so far down that the whole question of regional development initiatives must not be forgotten. They must be wisely used and the money must be wisely spent, but if there is going to be a legitimate national policy, it looks good if we have got a national government which we have representing all the provinces of Canada. It looks good when we have these conferences because we are all getting together and which is extremely important, but I just hasten to add, coming from an impoverished area of this country which now perhaps has an opportunity through one very important pathway to move out of that impoverishment that we are still going to need to look at the other things that we do nationally so that they are fairly applied which still helps give us a chance to catch up and not move farther behind in those fields.

In that regard, one other thing that nobody else has mentioned today so far which is critically important on this whole question of national renewal from Bonavista to Vancouver Island is transportation policy, because transportation policy can crucify you and you can have all the best intentions in the world on all of these other policies that we were just talking about as it relates to investment and getting more money -- and the monetary policy and small business, but if we can't move our goods over transportation routes which are equitable then all of these other policies will just fall by the wayside because the other industries will have to close down.

We are seeing that this very day. Transportation policy is perhaps the most important thing that is happening in Newfoundland today which could be injurious to our industries. I think, Mr. Prime Minister, we have made a real good beginning and I think that we have an excellent opportunity to come out of this conference with positive initiatives and positive directions for our Ministers who I hope will continue to meet on a regular basis following through on some of these initiatives and consensus building that we have here today and that the federal government continues on the path it has set for itself last September of co-operating with the provinces, signing agreements, understanding and recognizing -- we have had more federal Ministers in Newfoundland since September 4th than I suppose since Confederation -- all the time before since Confederation. I mean they are even flying on commercial airlines. They were yesterday anyway. I don't know if that is the new policy the Prime Minister has instituted, but we have. The other thing and even some of the federal government's biggest critics have come to me and said they are listening to what we are talking about, at least listening. They are trying to understand and you can't solve all the problems overnight and you can't be miracle workers and all the rest of it. If you come to the table the way you have now if we have a problem on transportation policy right now on that score, come to the table with that kind of understanding and I think we can make major inroads into moving this country into an economic renewal way which all Canadians can see but we must not leave this conference without having significant and tangible follow-through to our various

Ministries and so on across the country. So, Mr. Prime Minister, that is all I have to say. I think the threads are there for good consensus building and I thank you for your attention.

THE CHAIRMAN: Thank you, Mr. Premier. I notice the Premiers of Québec and Manitoba and Premier of Newfoundland referred to in fact the word "fairness" and that obviously has to be the test of any successful attitude in Canada, fairness to people, fairness to regions and federalism. If federalism isn't about sharing then it is about nothing at all and that too is very much too a part of our philosophy. I would like to turn to the distinguished Premier from New Brunswick.

HON. RICHARD HATFIELD (Premier, New Brunswick): Thank you very much, Prime Minister. As the oldest member of this block I want to welcome the newest member, Premier Miller, and I also want to say to our host that I have been to an awful lot of these conferences and I really feel very good right now. When I landed here last night I was reminded once again of what I have said often, that you really have to make an effort to know and love this country and I just want you to know the effort made flying out here was worth it, especially also having the opportunity to see an elegant example of what the real frontier was like in the home we were in last night. It was quite a joy for me.

Mr. Prime Minister, I think as I see it there are two kinds of problems that are commanding the attention of the people of Canada. One of them is unemployment and one of them is the deficit. I think that deficit is a problem

for a government and deficit has to be addressed and it has to be managed. Also the unemployment problem is very, very real. There are so many people who want work, but what causes me so much concern is that there are so many people who want work for the first time and have waited for so long. I was excited and thrilled by those young people who greeted us at the door when we came in here this morning, but it quickly reminded me that I hope we don't change that generation. I hope we don't make the mistakes that were made, cheat the generation of young people in our country who were trained and got a good education and couldn't get jobs. So we have got to address the problem of unemployment. One of them is by dealing with the issue of investment. Investment demands stability and demands security and I think that so many of the issues, some of which you mentioned and one of which you left out, the initiative you took in dealing with a problem that is so important, an initiative that is so important to investment dealing with the problem of a meeting you had with labour and dealing with problems with labour-management. I think you have taken a good number of initiatives and I think you set a very good example and I think it is very important for us as Premiers of the provinces that we follow up on that example and that we try to carry through and work through, commit ourselves to dealing with these problems. We can't do it quickly and we can't do it with generalities. I want to make a comment about a line that is in this Investment, a National Challenge in which it says "Opportunities will be realized in which investment spending will be channeled into the most productive activities."

That concerns me. What does it mean? Does it mean it is going to be channeled in the areas where there is a lot of activity going on now? Does it mean it is going to be negative to an area like New Brunswick? We have got to clear those things up and we have got to really address ourselves to things that the people will understand and investors in Canada and from outside Canada will be able to say "This is a government and this is a country that is working together and the various sectors of the population are working together" and I think we are off to a good start but it is only a start. I was really encouraged to be at the meeting of the Ministers responsible for Regional Development. What encouraged me the most was that what we ultimately came out of there with was a commitment to try again and again and again until we got the right answers because I said at that meeting in the last seventies and early eighties the former government's commitment such as it was and I never thought it was that good, but I always supported it, the former government's commitment to regional development started to wane and I want to make sure and I will be dealing with that later, I want to make sure there is a renewed commitment to regional development by you as Prime Minister of Canada and by all the other Premiers of the provinces. That is the way that we can I think encourage investment and also by working together I think we can in fact really address the deficit and we can by working together be able to explain and defend some of the tough decisions that are going to have to be made. We can't do it and it won't

succeed unless we do work together and I couldn't agree more with what so many have said around the table. I want to say that I am really encouraged. We are off to a good start. I hope this afternoon that we will deal with what I think is the problem that bothers and concerns most people in the country and that is the problem of training and re-training because that is going to address unemployment. That is going to address the fear that people have that they will not get a job and they will not be able to get jobs. I think -- I know a lot of work, my own Minister has reported to me on this -- so much work has been done and I think it has been well done and I think we have got to -- that has got to be one of the first initiatives to come out of this meeting, one of the big signals to come out of this meeting that we in fact working before this meeting and working at this meeting, we really accomplish something as far as unemployment is concerned. Thank you.

THE CHAIRMAN: Mr. Lee.

HON. JAMES LEE (Premier, Prince Edward Island):

Thank you very much, Mr. Prime Minister. First of all I want to congratulate you, sir, for calling this conference which has been asked for for a good many years by the people sitting around this table. I agree with many of those before me that have stated that we are starting a new era of co-operation in federal-provincial relations and that in itself, knowing the effort that went into the planning of this, certainly is and I know that great things will start from today on between federal and provincial governments. Mr. Devine is to be congratulated for his hospitality, the Saskatchewan delegation and the work that

goes into something like this. I have some experience with this and you are to be congratulated for the efforts you made on this because they certainly are top notch.

My colleague Frank Miller, the new Member at the table, I want to congratulate Premier Frank for his success and I know that we look forward to working with him as we had with his predecessor Premier Bill Davis who is probably home in Brampton today watching this and chuckling maybe as the proceedings go on.

The Premier of Newfoundland certainly has to be congratulated for his hanging in there for a good many years and the recent accomplishments that that province has made and I do want to congratulate the Prime Minister and the Minister of Energy for Canada and the Premier of Newfoundland for the achievements that they have made. I do want to say as well, Mr. Prime Minister, that I hope it will not be long before you return to the Maritime provinces again and to my province hopefully and enter into an energy agreement with us that is so badly needed in our province.

Mr. Prime Minister, the four items that are on the schedule today and I certainly am not going to talk on all four at all but just very briefly I want to make a few comments and come back this afternoon with further comments on the next item but the subject that we are talking about here this morning is attracting and encouraging new investment to create jobs and that is the subject matter that is before us. A number of points have been made by my colleagues and by the Prime Minister and I certainly am not going to repeat them, but I think

the underlying issue here is what do Canadians want from us today, from this conference? I think it is very important that Canadians are looking at this conference and are looking at us to give some signal, to give some direction as to where we are going as First Ministers in the years ahead. I know this has been said already. The Charlottetown Conference of August '84 certainly did point us in a direction that many of the subject-matters we addressed then are being addressed here again today and there is that new era of co-operation and there is that new era of confidence I think that has been evident that is starting to flow today right across the country through the First Ministers who are at this table.

Business itself in addressing the question what do Canadians want I think business today would want us to demonstrate to them that there is stability in the country that we represent, that there is security for them as young business people and older people that have been in business for a good many years, that there is stability in the economy and as well there is confidence for them to invest because as we have all said it is the private sector that is going to create the jobs in Canada. It is the private sector that is going to be the engine of growth. It is the private sector that we want to give that confidence here today as we discuss the important areas of the economy.

As many people have also said about the young people outside the door here today, there are many young people across Canada, there are women who want to get into the labour force as well that are looking at this conference that want us to get our priorities in place and straightened out so that that important issue of jobs and the creation of jobs will be dealt with and are following this conference. We will give some direction on that because Canadians do want to work, Canadians do want to be productive and I think the onus is on us to deal with that underlying important issue in Canada and that is the creation of jobs, getting these people back to work and injecting new momentum into the economy.

We have tried ourselves in Prince Edward Island to deal with the youth entrepreneurs in our province, to give them some encouragement, assisting them in getting into the business world and we have developed some programs offering them assistance and giving them the opportunity to try their own ideas, to try their own skills, to make a contribution to solving the youth unemployment that now exists. They can do it themselves if they are given the tools and we in Prince Edward Island have started that for the past couple of years. We hope it will be a success, but how can we attract the needed investment as the topic suggests? We have all identified that the deficit itself has to be dealt with. We have also identified here today that the interest rates and the dollar has to be dealt with, but I think as well some of us have identified and I want to too, that there is an issue regarding regional differences in Canada, that Canada is not one economy. Canada is made up of different regions with different economies and I think

these economies have to be looked at so that the different regions of Canada can be recognized in generating investment and in generating new jobs and how we go about that, because in some of the poorer provinces we do have obstacles to growth and these obstacles have to be removed before we can get serious about doing our bit in our own way and in our own province to develop that economy.

The two major obstacles in my province are electricity and transportation as has already been mentioned by the Premier of Newfoundland. These are two major obstacles to growth in Prince Edward Island and I think it is fair to say that my colleagues in the region can identify with them as well.

So, Mr. Prime Minister, I know that we are off to a good start. I know that as the proceedings get underway this afternoon and into tomorrow that we will be able to demonstrate to Canadians, all Canadians, that the First Ministers of Canada and the Prime Minister is prepared to give that direction, is prepared to give that new hope, that we are co-operating, and we will co-operate not only among ourselves but with them and with the private sector to make it all happen.

THE CHAIRMAN: Thank you, Mr. Premier, and thank you as well, Premier Lee, for your excellent help and guidance to a new Prime Minister in your capacity as Chairman of the Council of Premiers. It was appreciated from the very beginning.

Inasmuch as a number of Premiers have referred to monetary policy, before we break -- we will break

in about two minutes for lunch and come back at 2:30, if that is all right. We are overrunning by a half an hour and so we will try to pick it up there, because we have another meeting at that time.

I would like to ask the Minister of Finance just to speak briefly to what we have been trying to do in this area.

HON. MICHAEL WILSON, (Minister of Finance, Canada): Thank you very much, Mr. Prime Minister. Could I be permitted one brief thank you to the Premiers for some very good ideas, ideas which I know will be very helpful to me in the preparation of the budget and I look forward to further discussions with my provincial counterparts to develop further some of the ideas that have been put forward.

As the Prime Minister said, one of those common themes was the question of interest rates and what we can be doing as a government to meet I think the very legitimate concerns that have been expressed on the level of interest rates. I listened very carefully and with a good deal of sympathy to the statements that have been made.

I should say to you that one of the principal themes that we developed in the November 8th statement is that we believe, we agree with you, interest rates are too high and we focussed on a number of reasons for the reasons for that. One of those is to get the level of the federal government deficit and therefore the federal government borrowing down. Also to rebuilding the investor confidence, that is a very integral element in getting interest rates down.

We have had some success over the last six or seven months in Canada to see interest rates come down.

This has been upset in the past couple of weeks by some unprecedented strength in the U.S. dollar which is putting pressure not just on interest rates in Canada but on interest rates in all countries. We are part of that. We can't avoid that. We can't become immune to international circumstances, but what I did want to tell you, that during the course of these two weeks, as I am on a regular basis, I am in contact with the governor of the bank. We discuss carefully the positions that we are taking in foreign exchange policy as well as on overall monetary policy. I want to tell you that during the course of this period the bank has been trying to moderate the pressures that are there in the interest rate markets, in the exchange rate markets and I can say to you that if it hadn't been for that moderating influence from the Bank of Canada during this period that interest rates would have gone higher than they have during this period.

As I said, we are in the middle of a degree of disturbance in the international markets. I think that once we get over this period that we will return to a good degree of stability, a stability that is very, very important to meeting the objectives as many of you have pointed out of generating a greater degree of investment activity, a stable and confident climate in capital markets is critical for that. I believe that we can once this disruption in the international markets that has resulted from the - strength of the U.S. dollar, once that gets behind us I think we can look forward with some confidence to the directions that we have been going in the period previous or prior to this change in the U.S. market, but I do stress that we can't isolate ourselves from these happenings, no country can that has the degree of foreign trade

that we have. It is very difficult, Premier Lougheed, to have a monetary policy or a foreign exchange policy when you have 80 per cent of your trade with one country, where you have a surplus on balance of trade and you have 20 per cent of your trade with all those other countries. I am very much aware of the problem particularly the resource industries have been having and we are watching what the trade weighted exchange rate is doing. It has been fairly stable over the past little while. This is something that we are very conscious of and we will continue to watch that. I say that in response to the statement that you made about a basket of currencies, we are very conscious of that.

But, Prime Minister, I think that the underlying theme that I would like to leave with you and your colleagues is that through the exchange and interest rate monetary policy actions of the Bank of Canada in the past little while what we are trying to achieve is a degree of stability that will return these two markets to a greater degree of normalacy and that that will provide a greater degree of underpinning, strength and underpinning to the objectives that you have all been discussing this morning.

Thank you very much.

THE CHAIRMAN: Thank you, Michael, and colleagues and now we will break for a quick lunch and be back at 2:30. Thank you.

--- 12:55 p.m. - 12h55

FIRST MINISTERS' CONFERENCE
ON
THE ECONOMY

CONFÉRENCE DES PREMIERS MINISTRES
SUR L'ECONOMIE

VERBATIM TRANSCRIPT

(unrevised and unofficial)

Afternoon Session of
February 14, 1985

COMPTE RENDU TEXTUEL

(non révisé et non officiel)

Séance de l'après-midi
du 14 février 1985

Regina
February 14 and 15, 1985

Regina
Les 14 et 15 février 1985

-- 2:10 p.m. - 14h10

THE CHAIRMAN: Colleagues, I am sorry we are a bit late today. Let the record show that Mr. Lévesque was the first one at the table. Je veux que ce soit inscrit dans le procès-verbal la présence de monsieur Lévesque, en premier à la table aujourd'hui.

Colleagues, I think we will start. Some of us went downtown, First Ministers, to have lunch and some of us got a little bit of a faster start because of the traffic but we are just about all here. I had noted Premier Lougheed and the colleagues of Mr. Lévesque, Mr. Lévesque was the first one at the table here after lunch. So I call this second session to order and this part of our agenda focuses on practical ways to assist Canadians to upgrade their skills on training and retraining. This item was No. 2 on our agenda, but at Meech Lake when the First Ministers gathered it was very much number one on our hit parade and very much number one at the Premiers' priorities and preoccupations. All First Ministers expressed the view that if there was one item on the agenda that ought to be moved along as quickly as possible because of the human impact it was this one and to the extent humanly possible again we would try to effect arrangements that would be helpful to people who very much need the training and retraining in our society. So I am with Flora whom you recognize and Andrée Champagne our Minister of Youth. Flora took the lead in negotiating with her provincial

colleagues and she has done a great job, as have they.

Dans ma requête auprès du Premier ministre du Québec au mois de décembre, on a discuté amplement de ce problème de responsabilité de juridiction mais, surtout, de notre obligation d'essayer de trouver des formules plus convenables que de traiter avec, exemple: l'emploi-jeunesse, des jeunes chômeurs qui, dans le passé se faisaient offrir deux portes, fédérale et provinciale, au lieu d'une porte plus grande et plus fructueuse, c'est-à-dire la porte de collaboration entre les deux paliers de gouvernement.

Alors, on a parlé de ces problèmes et madame MacDonald a initié des négociations fructueuses avec les provinces et j'en ferai part des résultats dans quelques instants.

But the focus of training and retraining combined with a strong capital base I think we all agree would help to liberate the natural spirit of innovation and the sense of industry that we know is there in the Canadian people. The availability of a skilled, flexible, adaptable work force is in fact a critical factor in attracting the kinds of investment that we talked about this morning. Our most important resources, I know it sounds a little trite to mention this, but it is true, but it is people and the most wasteful exercise is when a country like Canada doesn't establish as its top priority the re-training and mobilization and utilization of this splendid resource. Obviously when we have this kind of unemployment that resource is not being properly tapped. So a clear focus on skills that we talked about and the manner in which Flora and her colleagues discussed it will allow us to respond to the world economic challenge by making Canada we hope synonymous with a competent, flexible and trained work force.

Our goal must be to equip Canadians to be world leaders and to occupy satisfying and rewarding jobs. Given the productive level of federal-provincial ministerial consultations on this subject, I hope that we will be able to complete this item by about 3:30. We will adjourn for want of a better expression, for a media break where the Premiers will be available to the media for about a half hour and then come back and right on to the subject of regional economic expansion until the end of the day.

Afin de lancer la discussion, je voudrais situer brièvement notre sujet. Pour l'économie canadienne comme pour toutes autres économies occidentales, le taux élevé de chômage, l'évolution rapide de la technologie, l'augmentation générale de la combativité et l'application de nouveaux intervenants posent aujourd'hui d'importants défis à la conduite des affaires publiques.

Jusqu'ici, nous avons relevé ces défis avec plus ou moins de succès. Je pense que les commentaires ce matin du premier ministre du Manitoba et du Québec, et je pense un peu partout à travers les interventions, ont trouvé à ces commentaires qui traitaient du problème sérieux d'une main d'oeuvre qui n'est pas utilisée à sa pleine valeur.

Pour les canadiens et les canadiennes, c'est aussi à notre avis, il est évident que nous devons adopter de nouvelles méthodes, de nouvelles attitudes et de nouvelles formules pour prévoir les changements rapides, pour nous y adapter et, effectivement, pour en bénéficier.

Un des moyens essentiels d'y arriver est d'encourager et de faciliter la formation permanente et le recyclage et de modifier notre conception traditionnelle du cycle normal où les études précèdent l'entrée sur le marché du travail.

C'est donc dire que le perfectionnement sera d'une importance capitale pour une main d'oeuvre qui aura à s'adapter à des conditions en constante évolution.

Certes, la tâche n'est pas facile mais j'éprouve aujourd'hui le sentiment très vif qu'il existe une volonté commune de rechercher de nouvelles solutions, mieux adaptées aux besoins actuels et, également, des formules de nature à bénéficier à nos chômeurs et à notre jeunesse.

Il est évident que les canadiens possèdent déjà cette volonté commune. A nous maintenant de lui donner sa pleine expression au sein des gouvernements et chez tous les partenaires du secteur public et privé. Tous les partenaires économiques doivent participer et assumer leur part entière de responsabilités.

Les employeurs et les travailleurs tout autant, sinon plus que les gouvernements. C'est au gouvernement, donc à nous, qu'il appartient d'harmoniser nos politiques et programmes, de réduire les chevauchements et d'instaurer de nouveaux mécanismes de consultation.

I am therefore, colleagues, delighted and I know you are by the positive response we have received on the federal-provincial consultations that have already taken place in this area. I think the prospect of new agreements for joint co-operation similar to the ones we are discussing now that took place with regard to summer work programs is most encouraging. The private sector is the key to success but it is the role of government to ensure the creation of an environment where innovation and entrepreneurship can flourish. One of our key challenges is to free up the creative potential of an entire population. In this effort we must particularly address the challenge of full and equitable participation by women and by young people. Women must be able to fully participate in and benefit from economic development. Now women are only 64 per cent of full-time male income. Now women are concentrated in only five of 22 major occupational groups in any manner of significance. Canadian women in Canada as a whole pay an enormous price for these inequities. Women are deprived of a fair return for economic contributions. Five years from now two-thirds of the labour force growth will be accounted for by women, so women are clearly an area of potential growth and richness for Canadian society. Achievement of equity and fairness will require special efforts. The Royal Commission of Inquiry into Equality of Employment has eloquently argued for the principle of employment equity. I am indicating today that the federal government's response to Judge Abella's recommendations will be to

pursue implementation of the employment equity principle within areas of federal jurisdiction. Miss MacDonald will announce the government's full response to the Abella report recommendations within the next few weeks.

Youth unemployment is one of the most disquieting developments of the current economic situation. It is a brand new dimension of a tragedy to the ongoing problem of unemployment generally. Some around this table and elsewhere speak in some cases with sadness and always with concern of a lost generation and this must not and cannot be allowed to happen. In 1984 37 per cent of the unemployed were 15 to 24, although this group comprises only 23 per cent of the labour force. The young are harder hit by economic down-turns and slower to benefit from recovery because of their relative lack of seniority, work experience or transferable skills. A major problem we must address is the transition from school to work. These are our children and our grandchildren. They deserve the best start and the greatest opportunity we can give them and we have given them infinitely less than that to which they are entitled.

I think Canadians want to work, but many Canadians have not been provided with the skills needed to compete successfully in the labour market. The new government of Canada is committed to a far-reaching reform of its training and employment development policies. This reform will improve the opportunities of Canadians to participate fully in the labour market and will provide the skills needed for a strong and competitive economy, but this change can't be undertaken by the government of Canada acting alone.

Le président: Je pense que le premier ministre du Québec sait fort bien, comme moi d'ailleurs, que les clubs de judo bâtis dans les sous-sols des églises au Québec, ça ne fait rien pour les emplois durables de notre jeunesse et les programmes que nous avons connus de façon unilatérale d'Ottawa dans le passé, c'est pas ça dont le pays a besoin.

It must be a part of a collective national effort involving a partnership of federal and provincial governments and the private sector. The changes being proposed are fundamental. They will change the objectives and principles underlying federal training and employment development policies. They will change the nature of federal program activities and they will change the nature of federal decision making.

The new federal strategy will be founded on five basic principles: an economic orientation to training and job creation with emphasis on small business and support of entrepreneurship, programming that is innovative, flexible and responsive to regional and local needs, a recognition that responsibility for training and employment development has to be shared between governments and the private sector, a commitment to equality of access to training and employment development programs and programs we require are programs that are simple, understandable and avoid needless and wasteful duplication.

I want to go further today to announce both a series of major new thrusts which will become the cornerstones of federal policy for job creation and training and concrete funding commitments by the government, by the federal government to make these thrusts work. I suppose in their larger application the ultimate numbers will depend on the extent to which there is a pickup by the provinces but I am deeply encouraged by the enthusiastic analysis of the provinces so far. These are skill development, an additional \$80 million will be provided to enable workers to obtain new skills in response

to changing technologies. Job entry: in addition to the \$205 million Challenge '85 program announced by Miss MacDonald last week a further \$125 million will be provided to help young people make a successful transition from school to work and to help adult women bridge the gap from home back into the labour market.

-- création d'emplois, un montant supplémentaire de 350 millions de dollars sera consacré à la création de nouveaux débouchés pour les chômeurs chroniques, y compris ceux qui reçoivent l'aide sociale, en faisant appel au secteur privé lorsque la chose sera possible. Avenir des collectivités, un nouveau montant de 40 millions de dollars sera affecté à la création d'autres débouchés pour les travailleurs des collectivités sur leur déclin en favorisant les activités communautaires, la formation ainsi que la mobilité des travailleurs et, innovation, un montant de 100 millions de dollars servira à stimuler l'innovation des projets pilotes et l'expérimentation dans le secteur privé, les provinces et les établissements d'enseignement.

Les objectifs et les modes de vérification seront établis pour s'assurer que les femmes participent équitablement à tous les programmes d'emploi. Nous mettrons également au point des initiatives particulières qui seront adaptées aux besoins des personnes désavantagées sur le marché du travail, de même qu'aux besoins spéciaux des populations autochtones du Canada.

Par cette réorientation fondamentale de nos programmes de formation et de création d'emplois, nous entendons mettre un terme à la politique de broche à foin passée. Nous entendons également simplifier les structures des programmes fédéraux et planifier les dépenses dans un contexte stratégique.

Grâce à un financement stable, échelonné sur plusieurs années, et en travaillant de concert avec les provinces, leurs établissements de formation et le

secteur privé, le gouvernement fédéral sera en mesure de planifier un changement ordonné et efficace.

Madame Macdonald expliquera bientôt le détail de ces efforts de réorientation. Elle consultera davantage ses collègues provinciaux avant que des décisions ne soient prises quant à l'ensemble des nouveaux programmes et à leur application pratique dans chaque province parce qu'on reconnaît que les variations nationales et régionales, il y aura lieu de regarder les possibilités d'emphase, selon les régions.

Le document que je dépose maintenant décrit essentiellement cette nouvelle démarche fédérale.

The new thrusts that I have announced today represent a \$900 million increase over and above the \$1.2 billion that has already been provided for labour market programs in 1985-86, but the importance of this announcement is not solely the money that is to be spent although it is substantial. The significant message is that these announcements represent I believe a truly fundamental restructuring of the entire federal approach to training and employment development programs. The new strategy is based on co-operation and harmonization of effort rather than on competition. The new strategy is based on flexibility and local responsiveness rather than the rigidity and centrally-controlled decision-making policies of the past. The new approach emphasizes the real needs of individuals and employers and not the short-term stop-gap measures of the past. The new strategy stresses simplification and clear objectives and not the alphabet soup of complex and confusing programs that there were so many of them we could hardly track them down.

The new strategy I believe also and both Flora and Andrée Champagne worked very hard at this one with their provincial colleagues stresses stability of forward planning with the funding commitments and not the ad hoc approaches that unfortunately have changed from year to year and deprive employers or the provinces or municipalities or private sector groups from participating on a long-term basis that tries to create those durable jobs. The new strategy, colleagues, supports innovation and experimentation. Women will be full and equal participants in the new strategy. Because of this fundamentally new

approach more jobs will be created and more training will take place for each dollar of expenditure. Over the coming weeks consultations with the provinces and the private sector will ensure the rapid and co-operative implementation of these new initiatives in '85-86 and one of the reasons that the First Ministers insisted that we all try and give this our priority attention was precisely because of the urgency involved because of the human dimension. The new federal strategy for employment opportunities represents in my judgment a major change in the way Canada invests in its human resources. This strategy will promote fairness and equality in all regions of Canada.

I think it will help provide the skills needed for a strong economy and reasonable job security. It reflects a new spirit of co-operation between the federal government, the provinces and the private sector, the will and the means exist for this collective effort, an effort that will bring far-reaching benefits to all Canadians. I want to, colleagues, on your behalf, because I know you would want me to do this, extend to Flora MacDonald and Andrée Champagne and their provincial colleagues our congratulations on a tremendous job done in difficult circumstances.

SOME HON. MEMBERS: Hear, hear.

Alors, monsieur Lévesque.

MONSIEUR LEVESQUE: Si vous voulez.

LE PRESIDENT: Messieurs les anglais, tirez les premiers.

MONSIEUR LEVESQUE: D'accord, mais j'ai l'impression qu'on va tirer à blanc, on n'aura pas de balles meurtrières parce que vous venez de toucher, c'est évident, vous l'avez dit, vous venez de toucher un des aspects clef les plus cruciaux, les plus centraux de toute cette question d'emplois -- equal opportunity -- d'égalité des chances qu'il faut dans une société civilisée. La formation, le recyclage au besoin, l'éducation qui va être de plus en plus permanente, le perfectionnement, bon. Tout ça, relié aussi à non seulement aux 'job opportunities', c'est-à-dire les chances d'emploi mais à l'employabilité, c'est-à-dire que surtout chez les jeunes, on puisse les rendre de plus en plus employables.

Ca m'a frappé parce que ça rappelait certains de vos discours électoraux, vous n'avez pas oublié tout ce qui touche l'harmonisation, l'idée de ne pas se marcher sur les pieds, la simplification de cette espèce d'horrible soupe alphabets, de programmes. Ca, on est parfaitement d'accord.

Il y aura, évidemment, des modalités à ajuster, il y en a toujours, mais si la volonté politique est là, les problèmes, ils peuvent tous être réglés. On peut avoir amicalement à l'occasion quelques séances de judo sur les modalités, bien enfin, ça, on verra.

Ce qui est en tout cas frappant, je vais être très bref parce que je voudrais passer la parole à une de mes collègues, c'est que pendant et

depuis la crise qu'on a eue, la récession terrible de 1981-82, on s'est arraché le coeur et c'est pas seulement vrai au Québec, c'est vrai dans la plupart des provinces du Canada, on s'est arraché le coeur pour essayer là encore de trouver une sorte de perspective d'avenir pendant que ça allait très mal.

On a évoqué ça, le Premier ministre fédéral et moi, en décembre à Québec. Je sais à quel point madame MacDonald a bien travaillé intensément avec madame Pauline Marois, aussi, et nous avons constaté avec tous nos collègues aujourd'hui pendant le lunch à l'hôtel Regina, qu'on n'avait pas besoin de discuter très longtemps.

Pour une fois -- il y a un mot que le Premier ministre fédéral affectionne -- le mot enthousiasme, on verra sur d'autres sujets si c'est possible mais je peux dire que ce que vous venez de dire, monsieur le Premier ministre, a été accueilli avec enthousiasme et, tout ce qui me resterait à vous demander, c'est de donner l'occasion pendant quelques brèves minutes à mon successeur -- parce que j'ai été ministre, en anglais condition féminine? J'ai essayé de traduire ça 'women's rights -- minister for women's rights and equal opportunities', I suppose something like that -- alors, je voudrais permettre à madame Lalonde, qui est toute nouvelle avec nous, presque aussi nouvelle que monsieur Miller, de peut-être vous donner quelques mots de commentaire là-dessus mais qui ne seront sûrement pas en désaccord.

MADAME LALONDE: Merci. Je voudrais souligner au point de départ que 1985, en plus d'être l'année internationale des jeunes, est aussi la dernière année de la décennie des femmes qui fera l'objet, comme tout le monde le sait, d'une rencontre internationale à Nairobi et j'ai su qu'il avait été initialement imaginé que les Premiers ministres pourraient se rencontrer sur la sécurité économique des femmes mais qu'on avait décidé, pour ne pas continuer à marginaliser les débats et les problèmes des femmes qui sont la moitié du ciel, d'intégrer cette préoccupation à l'ensemble des débats. La moitié du ciel et même un peu plus.

L'intérêt des femmes à la vie économique n'est pas nouveau ni secondaire, il découle en fait des besoins de plus en plus conscients de partager, d'arriver enfin à l'égalité de fait, après l'égalité de droits.

Or, l'égalité de fait, pour un nombre croissant de femmes et de façon fulgurante pour l'avenir, neuf jeunes filles sur dix auront à subvenir à leurs besoins dans l'avenir, passe par l'accès à un emploi suffisamment rémunérateur d'où l'importance de l'effort qui est actuellement consenti.

Pour d'autres, et c'est le cas d'un grand nombre de femmes qui ont travaillé et travaillent au foyer, l'égalité de fait suppose un revenu suffisant, surtout à l'approche et au moment de la retraite.

J' imagine que nous discuterons de ces questions-là à un autre moment.

C'est pourquoi le gouvernement du Québec tiendra un sommet socio-économique sur la sécurité économique des femmes qui réunira, outre les femmes représentant les régions et les associations, les grands partenaires, ceux qu'on retrouve d'habitude autour d'une table de concertation, les entreprises, les syndicats, les institutions et le gouvernement.

C'est, pour les femmes du Québec et peut-être pour les femmes de tout le Canada, un moment important puisqu'il permettra d'interpeler chacun, chacune, sur les revendications maintes fois répétées de bien des femmes.

Ce que la préparation de ce sommet nous a permis de voir, c'est que les revendications les plus importantes des femmes ne sont pas des revendications spécifiques. Elles sont sociales, générales: l'emploi, l'accès à la syndicalisation, le support à la maternité, l'accès au crédit, les services de garde et le reste.

Ce sont des problèmes sociaux et, après une phase où les femmes se sont davantage regardées et confortées, elles passent maintenant à la deuxième étape et veulent, après l'égalité de droits, arriver à une égalité de faits.

En fait, le renouvellement des institutions et des mentalités auquel plusieurs premiers ministres ont fait appel ce matin, suppose que de plus en plus cette préoccupation qui s'est manifestée, peut-être un peu timidement quand même, s'accroît et que les femmes participent à toutes les instances, à tous les niveaux

et dans tous les secteurs de la société.

Les politiques économiques, les politiques sociales ne sont pas neutres, eu égard au sexe et eu égard au groupe d'âges -- et je remarque avec plaisir que les programmes que vous mettez de l'avant prennent en compte ce fait. L'emploi des femmes, l'emploi des jeunes, l'emploi des travailleurs âgés supposent qu'on se fixe des objectifs et non pas qu'on constate après, malheureusement, qu'ils sont au chômage.

J'enchaîne donc avec la formation, après avoir cependant ajouté qu'au Québec les femmes, contrairement à ce qui se passe dans le Canada, chôment encore légèrement plus, que les femmes, que les femmes également ont un taux d'activités, de participation donc au marché du travail, inférieur à la moyenne canadienne.

La formation, directement au sujet. Monsieur Mulroney a rappelé les accords qui étaient intervenus sur les grands principes de la formation à l'occasion de la rencontre que madame Flora a obtenue avec l'ensemble des ministres à la condition féminine -- excusez-moi, ministre de la main d'oeuvre.

Cependant, il n'est pas suffisant de convenir de politiques et même de priorités. Il faut s'attaquer à la mise en oeuvre efficace.

Or, je dois dire -- et je pense que je ne peux le faire qu'avec force, gentillesse, mais force quand même puisqu'au niveau du Québec il y a un consensus de tous les partenaires sur cette question-là -- que la duplication qui se manifeste au niveau de la

formation encoure des coûts et une inefficacité qu'on ne peut pas tolérer compte tenu de toute façon de la politique nouvelle que vous voulez mettre en oeuvre.

Nous avons relu à plusieurs reprises des extraits de votre conférence de Sept-Iles.

Je me permets, rapidement puisque le temps m'est compté, de rappeler quelques exemples de cette duplication.

Il est évident que la même situation ne se reproduit pas, et nous en sommes très conscients, pour toutes les provinces, sauf que cette duplication chez nous est un enjeu majeur si on veut avoir une application efficace des politiques qu'on veut mettre en oeuvre.

Au niveau de l'estimation des besoins de formation, au niveau des modalités administratives, la duplication fait qu'il y a deux systèmes, deux équipes qui, chacune de son côté, fait son opération selon des objectifs différents, ce qui entraîne un harassement des entreprises, de tous ceux qui sont consultés, un manque de confiance conséquent de toute façon dans les résultats de cette consultation. Ce qui entraîne ensuite une négociation entre les deux équipes, entre les deux machines même peut-on dire, en fin de course qui se fait suivant deux approches différentes.

C'est quelque chose qu'il nous semble qu'on ne peut pas continuer.

Les modalités administratives, bien sûr, supposent que ces deux machines forcent à une

série de tracasseries administratives, coûteuses et, également, inefficaces. Il faut être en accord avec l'éducation, avec les politiques du fédéral.

Il y a plusieurs questions dont on pourrait parler, comme l'établissement des calendriers scolaires et le reste. Je glisse là-dessus.

Dans les mêmes classes, on se trouve avec des étudiants qui reçoivent des stagiaires venant d'un programme, d'un autre, et du cours général. Encore une fois, je glisse, mais je ne peux pas ne pas souligner l'augmentation importante des coûts administratifs et, surtout, la rigidité dans l'opérationnalisation des programmes qui ne peut que nuire à leur efficacité.

On sait qu'en ce moment tout bouge vite et, au niveau de certains programmes, il faut s'ajuster constamment avec l'entreprise, avec les institutions et prévoir.

Alors, en conclusion, j'ai étayé un peu, il me semble qu'au Québec le maître d'oeuvre des programmes de formation, ce doit être le Québec et je le répète, au Québec, tous en conviennent, tous les partenaires en conviennent.

Rapidement, pourquoi nous avons élaboré et testé et modifié au fil des années des politiques économiques. Nous avons amorcé aussi un travail important sur le virage technologique à partir, non pas seulement de nos forces, mais de nos potentialités. C'est une distinction qui se retrouvera dans les débats subséquents.

Le lien nécessaire à faire entre la formation de base et la formation professionnelle nous fait dire également qu'il faut que ce soit le Québec qui soit le maître d'oeuvre.

On a procédé à moult consultations, établit des énoncés de politiques des adultes et, surtout, il me semble que c'est majeur, établit des processus de consultations avec les partenaires sur les programmes de formation et je pourrais citer plusieurs lieux de consultations et de concertations, que ce soit le Conseil consultatif du travail et de la main d'oeuvre d'un côté, la conférence sur l'électronique, les sommets sectoriels et régionaux, il y aura une conférence avec les partenaires sur l'éducation. Nous avons un ministère consacré à la concertation.

Alors, il nous semble que toute cette démarche qui est liée d'une part à la formation, qui est de juridiction provinciale, qui est le tissu de notre quotidien; d'autre part, au travail qui est aussi étroitement notre responsabilité, doit et qu'il est normal et naturel et que vous allez être d'accord avec nous, que cela revienne au Québec.

Je m'en voudrais de ne pas rappeler ces phrases extraordinaires que vous avez prononcées à Sept-Iles. Vous avez dit: J'ai souligné l'importance d'harmoniser les politiques des deux ordres de gouvernement -- vous venez de les répéter mais je les répète parce que je trouve ça beau -- de respecter mutuellement nos sphères de compétence et de mettre un terme au chevauchement inutile, coûteux -- vous

pourriez ajouter inefficace, je suis certaine de ça -- des programmes fédéraux et provinciaux.

Alors, en conséquence, nous attendons avec confiance de cette conférence qu'elle soit le début d'un processus rapide qui permette de concrétiser, pour le domaine de la formation, ces propos. Merci.

LE PRESIDENT: Merci de votre intervention. Je vous avoue en toute modestie que le discours de Sept-Iles n'était pas si mal. Merci de la citation.

Le fait est que nous sommes conscients que le programme d'aujourd'hui, tout en étant une amélioration, ne représente pas la résolution ultime d'un problème qui persiste depuis belle lurette.

Nous sommes conscients du fait que nous avons deux paliers de gouvernement mais un contribuable et c'est l'utilisation saine et efficace de son avoir, de ses contributions, qui doit nous préoccuper. Je vous assure que nous voulons respecter les juridictions provinciales, nous voulons harmoniser nos initiatives et nous espérons d'y arriver à force de conférences semblables et de consultations soutenues entre les deux paliers du gouvernement. Or, merci, madame.

Premier Peckford?

HON. R. BRIAN PECKFORD: Yes, Mr. Prime Minister, we welcome the new initiative that you have taken today with enthusiasm. We are just absolutely delighted that a whole range of new initiatives that you are taking today are along the lines that had been proposed for years and years and years as it relates to our interaction with the former federal government on training programs in Newfoundland and Labrador. Some of the things that you are saying here today through the consultations that have taken place between your ministers and the provincial ministers have really paid off in dividends and I can only just throw accolades your way. We have just established a new Department of Career Development and Advanced Studies of which the gentleman to my right, Mr. Power, is the minister. We have been trying to take some new initiatives here ourselves and a lot of the things that are in the statement today are dead on with the way that we want to proceed on training, adult education and all the other areas.

We look forward to the further consultations that we will have with the minister so that we can firm up this very positive program.

I never thought when we met at Meech Lake that we would come here today and see things happen so fast. This is very welcome news. Obviously it can't be put in exactly the same class as the agreement signed a couple of days ago, but let me tell you for the long term future of Newfoundland, so that we can respond to those developments, I am sure that our young people who will then be a bit older will have the skills to really participate in that kind of development.

I would like for Mr. Power to say a couple of words specifically on it and we think that this is just great.

HON. CHARLES POWER (Minister of Career Development and Advanced Studies, Newfoundland): Mr. Chairman, just let me say that we are absolutely delighted that we have had such rapid success in getting some money to put where some of our ideas are. I think our next federal-provincial Ministers of Labour meeting will be a seminar given by Miss MacDonald to tell us how to get money out of our respective governments. She has done so well to get this billion dollar fund almost all to herself that I am going to take some lessons from her to see if I can do the same with my colleagues.

Just a couple of points I want to make about the agreement and the importance of training to Newfoundland. First of all, the co-operative nature is the fact that as you just mentioned, Mr. Prime Minister, there is only one taxpayer and very often we have used that taxpayer between us at levels of government to use his and her money and often not as wisely as we should. That wastage is to the detriment of all persons, especially the younger persons and the women who are trying to get into the labour force in a productive way and a new system where our provincial programs will complement federal programs we think will certainly be for the better service of all.

I also want to make a couple of comments about the long-term career oriented aspects of the training that we are getting involved with, getting away from the Canada Works short-term make work kind of syndrom so that some of the training and some of term billion dollars in the funds that we provincially are putting in will relate to career work, where you actually get some experience in the career that you have been trained to do. and it is not just the Canada Works type, although I realize that

in Newfoundland as in many other places we have to have those kinds of programs.

Certainly also I want to reiterate that there are regional differences. The agreement -- we give great credit in Newfoundland for this fellow here signing and also we should give great credit to the Prime Minister and his government for signing as it has opened up tremendous opportunities for us in Newfoundland, but the opportunity will be for naught if we find that our people are not trained in the correct areas. So the opportunities that we have in Newfoundland which are somewhat unique to Newfoundland today, particularly in the offshore are not exactly the same as they are in other parts and sometimes with the former government when they implemented Canadian programs and it was the same for every part of Canada, that it didn't recognize a regional reality which is there. I appreciate the fact that your government is looking at that.

Also the fact that many of the programs that the former government would not fund, they would fund up to a 12-month course and they were really in effect training for unemployment by putting emphasis on programs that were short-term, that were six-month, nine-month, 12-month courses. I think that anyone in the world today realizes that you don't get economic stability and personal security by doing a six or nine-month course after you finish high school, that it takes longer than that and that our funding money has to be put in a different direction.

I just say that the education process for Newfoundlanders as for all others is a life-long process and I appreciate the fact Miss MacDonald has had such success getting this program started.

Thank you.

THE CHAIRMAN: Premier Buchanan.

HON. JOHN M. BUCHANAN: Mr. Prime

Minister, first of all I want to congratulate your two ministers and our ministers for working as swiftly as they have in completing this agreement. This morning I said that the people of Canada are watching us with great interest to find out if we are here to do the business of the country or if we are just going to do a lot of talking and rhetoric that may be meaningless. I suspect that the people of Canada watching this and realizing that we have as two levels of government since last fall been able to complete so many federal-provincial agreements as I indicated this morning, and now have been able to reach agreement on such a far-reaching agreement as job creation and many parts of training in a short period of time since Meech Lake to the present, I think they are going to be very pleased with the results they have been seeing.

Our ministers have worked very hard and assiduously, there is no doubt about that. We know the work they have done and I think the Canadian people will appreciate the fact that there is a lot of hard work that goes on behind closed doors at the meetings day and night in the provinces and in Ottawa, between officials and between ministers to achieve this kind of agreement.

We are also of course, very pleased that you have translated the words of last summer, last fall and again today into action as far as jobs for women in the work force and opportunities for women are concerned. We are extremely pleased with that, because we have and are taking certain measures in Nova Scotia to ensure that that happens also. Of course you have a very good teacher of that in Ottawa who also is a Nova Scotian.

Mr. Prime Minister, I don't want to take too much time on it this afternoon. The political will is there, it has been there between all levels of our government to ensure that this happens. I think now we have got to get on with the job of detailing how this money will be spent in the best possible way. We must recognize, as you have already stated and the minister from Newfoundland has stated, that there is one taxpayer and that money must be spent in the interest of that one taxpayer to create those jobs that are going to be meaningful and helpful and particularly at a time of very high unemployment.

If I may just regionalize it a bit, I suspect this will now give us the opportunity of sitting down in a very meaningful way now with your minister, the Honourable Flora, and taking a very serious look over the next few days at our very serious situation in the Glace Bay and environs area. I know that is something she would like to do and I certainly want to do also.

So, Mr. Prime Minister, I think this is another great example of how two levels of government if we are sincere which we are and we mean business, we can co-operate, we can work together and we can have some excellent results which serve the taxpayers of Canada well.

THE CHAIRMAN: Thank you, Mr. Premier.
Premier Hatfield.

HON. RICHARD HATFIELD: Mr. Prime Minister, I must say that I am very, very thrilled with your announcement, for all the reasons that have already been mentioned and the reasons you gave. I am also thrilled for another reason, that I have been arguing and fighting for this mode of dealing

with some of the problems of Canada, the First Ministers' Conference, and arguing for over ten years that it should be institutionalized. I think this is one of the best examples that it does work and it does work for the people of Canada and I think that if we stop right now we have done an awful lot for the future of Canada.

Thank you.

THE CHAIRMAN: Premier Lee.

HON. JAMES M. LEE: Mr. Prime Minister, I to also want to echo the sentiments of my colleagues in the eastern part of Canada and in particular this is something as I said this morning that we are launching a new era of co-operation, there is new hope and there is new spirit.

I think the people, the young people in particular and the women who want to enter the work force will now see that this institution does work and that the efforts that have been put into the announcement here today by our ministers and by Flora MacDonald and her staff certainly is an indication of what is to come. I am overly pleased with the benefits that this will bring to our region and as I indicated we do have to consider that there are different regions here in Canada that require special attention and I think this is one sign that will demonstrate that your government, sir, certainly is looking at that in that light.

THE CHAIRMAN: Thank you, Premier Lee.

Premier Lougheed.

HON. PETER LOUGHEED: Mr. Prime Minister, last spring and fall we were extremely frustrated with the programs of the former government in not fitting within our priorities and you hear as you have heard here, the recognition

The second conclusion that we reached was that youth really had to have a priority, that if you got an individual who graduated from a university or high school in the Atlantic area and had no work experience and then after two years was putting in a resumé and was in a very difficult position, so our thought was when you come to priorities there are hard decisions to be made but we came to the decision let's go with the emphasis on the youth priority. Criticism of that as there always is when you pick priorities.

The third one had to do with the private sector. Yes, we can do things through governments, but if we could tie them in with the private sector so that we got them involved enthusiastically in a direct way with people both in upgrading the skills of the people that they have got presently employed and this was particularly true in my judgment in small and medium-sized business, but also if they are going to expand perhaps they will make the decision just a little bit earlier if we can come in with the right program. So we went and approached it this way and we are actually committed, just a province with ten per cent of Canada's population to a half billion over two and a half years which is a lot of money. Mr. Isley has been working on it and then lo and behold out of Meech Lake and out of the discussions with Flora MacDonald and the others around this table we now have them come together and discuss priorities and discuss harmonizing what we have all been doing sort of on our own and I really want to compliment Flora and you, Prime Minister, for that. I think it was so timely and

that there are circumstances so different across the country that we went to work and devised some new ideas for our own programs simply in frustration to what had been going on in the past. We took a number of priorities.

We came to the conclusion that the first was that it should be multi-year financing, that you can't come into these programs one year in this area and then drop the ball and then start up again, that was the first conclusion we reached.

your announcements today are very important. I want to say that we have all got an obligation now to follow up on this and to get the private sector more aware of what we are doing together and encourage them in a very significant way to sort of when they make a decision, if they are about to make a decision which I think they can make in dozens of establishments across Canada to increase the number of people employed from ten to 11 we have got a way now working together federally and provincially to have a program that will encourage them to make that decision in mid-February rather than maybe in mid-June and that is going to help I think on the employment side of it.

We request in terms of the matter of women in the work force, our statistics, as you know, are the highest participation of women in the country, six out of every ten women in the working age are working in the province of Alberta. We felt that the real responsibility we had was in day care and we have committed a lot of funds to day care because we think that there are other things we can do and should be doing that we are not yet doing, but I think the day care commitment, we had quite a debate about it, as you know, in caucus but we felt the day care commitment was something we needed to do with that high a percentage of people in the work force. I think this is a very important step. I agree with Premier Hatfield. We have got three other items on the agenda but I am just delighted with the way this one has worked out.

THE CHAIRMAN: Thank you, Premier Lougheed.

I indicated I would go to Premier Pawley immediately, but just about now, I am sure within a number of minutes if it is all right I would like to hear from whomever, Premier Devine, Premier Pawley, Flora for a moment or two in regard to how she proposes to get some money out of you fellows. This is all great compared to putting up the cash. Now we have got to harmonize. We are going to sing sweet harmony with provincial money now and I think that will do a lot to enhance the value of these programs. Flora is going to tell us in her own elegant way how she is going to pick your pocket on that one. Premier Pawley.

HON. HOWARD PAWLEY: Mr. Prime Minister, I would like to join my colleagues in commending you and Hon. Flora for this announcement. Certainly we can't deal with the issue of job creation without ensuring that we confront the matter of job training. So I am very, very pleased on behalf of Manitoba at the announcement.

There are several points maybe the Hon. Flora or yourself would care to deal with as we proceed or probably at a later point, areas of concern to me pertaining to the Manitoba scene but I am sure it is also a problem that confronts other parts of the country. First I think we should be attempting in our training programs to find some way of encouraging people to feel free to move from the welfare rolls without losing incentives under the CAP in order to do so. Work rather than welfare, I think sometimes we don't provide the incentives for that transfer and I am wondering whether that is part of the

consideration insofar as this training program is part of the total picture of assisting people to move from welfare without appearing as sometimes is the case that provinces and/or the federal government or municipalities penalize people for that initiative and that incentive.

Secondly, as you know, Mr. Prime Minister, we have a major project, our limestone project in Manitoba and the creation of some thousands of jobs. We want to particularly aim at encouraging northern people, unskilled people to be able to participate in that project. We were involved in plans for some major training programs in Northern Manitoba, so I would be interested in any comments as far as dovetailing this federal initiative with provincial initiatives to remove people from the unemployed in areas of disadvantaged into working positions.

The third area I want to just comment on because I share everything that has been said in respect of the problems confronting women, workplace, need for training, but looking at the unemployment rates by age and sex for January, 1985 I see that in Canada 15 to 24, 22.5 per cent male, single are unemployed and I think Premier Lougheed indicated the problem often is no CV, no work experience. The horrible experience young males have as well as young females, but it is much greater amongst young males and I am wondering just if there is any comment as to the targeting of young people in the 15 to 24, especially those that have no work experience, first opportunity to obtain employment whether there could be any consideration?

One final point that you will excuse me,

Hon. Flora, for raising and that is in those provinces that have had substantial expenditure of funds directed towards youth employment, for instance, I would hope that in your very sound judgment you would not, for instance, penalize a province that had a lower than average youth unemployment rate because we have existing youth employment programs in existence such as I must say with some reservation to you, Hon. Flora, happened with the summer employment program I think in Saskatchewan and Manitoba. I would trust that the proportionality would be fair, would encourage provinces to spend their own funds along with yours and not penalize those provinces that undertook that initiative.

THE CHAIRMAN: Thank you, Mr. Premier.
Premier Devine.

HON. GRANT DEVINE: Prime Minister, I just want to say how much I appreciate Howard Pawley's good conservative policy and I will look forward to more endorsements, Howard. I have just two brief observations. One is that I do hope this program will look very closely at the native population and you raised it there are several people after the same taxpayer's dollar. There are local school boards, native, municipal, provincial and so forth. We have a very large native population per capita and we are certainly concerned about employing those people. The second thing is and I just give you "A" for marks and I guess what would call giving a snoose right of the bat is that you are wisely spending and much more wisely using a big batch of money that in many cases hasn't been used that wisely before and what I mean particularly you provided us

with the opportunity to re-evaluate unemployment insurance dollars and welfare money and for so long that kind of money had been used in some instances to trap people for life. They get on a treadmill and they can't get off. For so many people as Howard has just suggested they are 15 to 24 years old that have dropped out of the system, don't have the skills to get back in and we have lost them. Now if your program will be sensitive to the kinds of rules and regulations that prevent people from getting trained because they lose their unemployment benefits or welfare and so forth then you have scored a coup because so many people don't see the incentives to go back to school and to be retrained.

Finally just let me say that with respect to our own experience on unemployed and welfare we have taken now as many as 3,000, 3,500 people on welfare, put them into training programs, educational programs of the private sector, communities and whatnot and they are now becoming ready to go out into the work force. It is a four equal debate and often you have to have the courage to say "I care enough, frankly I love you enough not to let you get stuck in this treadmill and stay there for a long time." The business community and I think Howard and I have talked about this before and Peter and Bill with respect to small business, if small business gets hold of them in our experience they will save 80 per cent of the people they get hold of, the young people. They will stay with the company. I can say, sir, congratulations. It is a heck of a program and I am glad you came to Regina.

THE CHAIRMAN: Thank you, Mr. Premier. Premier Miller

HON. FRANK MILLER: I have been a Premier for six days one and a half hours by count but I have learned one lesson, take credit for what somebody else did quickly because you will surely be blamed for something somebody else did also so I am delighted to take the credit for the work my Minister of Labour did while I was busy doing other things around January 16th. I am not sure it is because Flora MacDonald was in the MacDonald Block in Toronto that this all happened, but it was a happy event. It was one of Ontario's high priorities, training and retraining. It can't help but be a better investment of support money for people to be retrained than simply to support them in society without preparing them for a future job. Because it was such a high priority we are delighted to see the consensus and give everyone present credit for that effort.

THE CHAIRMAN: Thank you, Mr. Premier. I guess the final one is Premier Bennett.

HON. WILLIAM BENNETT: I just want to congratulate the Minister and his government because one of the tragedies for most people in government is watching taxpayers' money wasted and it is a crime when it is wasted when times are tough. To watch the overlap of programs and money not being allocated responsibly to probably our most serious and critical area, that is, manpower retraining or job retraining and youth employment has been one of the toughest things we have had to face particularly in the last two or three years as a lot of it has appeared to have been spent politically rather than to resolve the

problem and I congratulate you on that because we no longer will be going in divergent ways. We no longer will be fighting to see who can throw the most money, the provincial government or the federal government at an area regardless of consequences and, therefore, this is particularly relevant for my part of the country where our resource industries particularly forestry since the recession will never quite be the same again. We have large numbers of people from that industry alone and I am sure Premier Lévesque has as well along with others who will have to be retrained and have to have some hope that they can be fitted into our society and have a secure economic future. For them this program plus our provincial initiatives will give them that hope and that skill.

The second thing is youth employment and I would suggest that we are very, very positive about the approach of using the private sector for young people and at some point British Columbia has a youth employment program and we redirected it to encourage youth entrepreneurs last year for the first time in which we had tremendous success and that is they became their own employee and a lot of skills and a lot of skill development can be picked up by being on the job in your own job working for yourself training.

I would recommend that as much as we have come a long way there are a lot of things we can do yet as we go along working together in this program to solve the problem but I would just like to congratulate you, Prime Minister, on your first and best success so far.

THE CHAIRMAN: Mr. Premier, I suppose like a lot of us in the private sector you couldn't help being struck by the conflicts inherent in government policy that didn't really seem to be utilizing the greatest resource we have, programs ... au Québec, on parlait de fédéralisme panneaux-réclames --

They put up a big billboard and put your picture on it, whereas very little was done. I spoke to Flora and when I asked her to take this on, told her that in my judgment this was probably the most unglamorous and most challenging problem existing in Canada today.

Flora took a look at that one and went out and did, I think, a terrific job because what was required was a fundamental change in thinking. This is not perfect. This is, I suppose, just the first step that we will have to take together, but it represents a fundamental change in view and approach and how we try and retrieve that tremendous asset that we have.

So I would like to ask Flora to take a second to tell us about the steps that she will have to take with the provinces in the near future to further refine and harmonize these.

HON. FLORA MacDONALD (Minister of Employment and Immigration, Canada): Prime Minister, Premiers, what this strategy is all about is change. Society is changing, the labour market is changing and we have jointly developed six new approaches which meet that change.

Now, it will also mean that in those six new approaches we recognize the regional diversity of this country and we recognize it on an ongoing basis. It is not ad hoc, it is not hit and miss, it is something that is planned for well into the future.

Coming out of that, coming out of this change, these divergences in the labour market strategy are going to be new opportunities and the people in this country have to be ready for them. That means that we have to help them get ready for them, get ready for the new jobs.

I will be coming back to the Ministers of Employment, of Labour and of Manpower in the provinces in the next two months and saying out of these new approaches will come new programs. Out of these six approaches will come the mix that best suits your province, not something that we are going to lay down hard and fast from Ottawa, but which responds to the individual needs of the regions in each part of the country.

I have heard what has been said about whether it is the northern Manitoba or the native population in Saskatchewan or the needs of people going to work in the off-shore fields in Newfoundland or anywhere else in between, those things must be built into the program design as we meet with you and I can tell you I will be around knocking on your doors very quickly and I will be carrying the resources that we have made available from Ottawa and I will be looking to you to put some of it up too.

Thank you.

THE CHAIRMAN: Just one affectionate thought I leave with you to take to the break, if your phone number is unlisted and you are dealing with Flora, keep it that way.

We will see you after the break. Thank you all.

--- Recess

THE CHAIRMAN: Colleagues, can we begin, please? I have with me Mr. Stevens and Mr. Mazankowski. We are scheduled for about the next hour and as much time as we require tomorrow morning to discuss the problems inherent in item 3 of the agenda set forward by the Premiers and myself at Meech Lake, regional economic development opportunities. It has been -- I have had the opportunity of speaking first on I suppose the first two items of the agenda. It seems to me that the problem of regional disparities or lack of economic opportunity in our regions is one perhaps best articulated by those Premiers who represent the regions, the provinces and who have had to live with the problem on a daily basis. I have been made aware of the fact that a number of Premiers have had personal, great personal difficulties which is not to suggest that everything that took place in the past is all wrong and everything that will take place in the future is all perfect, but we have agreed, our Ministers have agreed on, I think, a number of important principles that guide governments or should guide the government of Canada and the provinces in our efforts to foster regional economic development opportunities. They are nine in number. I suppose I could refer to them and read them out to you, but perhaps I had better put that on hold and just say that notwithstanding the financial difficulties of the government of Canada, we still have an obligation to ensure what we talked about before lunch, to ensure fairness, to the extent possible equality of opportunity and it would be inconsistent I think for our citizenship if we had two classes of

opportunity, one good and not so good in Canada. It is unfair and I think it is unacceptable to everyone. We should be committing ourselves to trying to secure equality of opportunity for Canadians and we all know that historically the problem of regional disparities has been a very serious one.

Nous avons des régions entières du pays qui ne jouissent pas des mêmes avantages et des mêmes opportunités économiques que les autres. Nous savons également qu'il y a eu dans le passé des programmes, parfois avec des résultats heureux, parfois avec des résultats minimes et, parfois, avec des résultats inexistants mais il faut reconnaître, je pense, que les parties impliquées recherchaient au moins une formule qui permettrait au pays de traiter avec ce problème important de disparité ou d'inégalité dans nos régions.

Je pense donc qu'il serait peut-être plus potable et plus utile que les premiers ministres, qui ont eu à traiter avec ce problème depuis des années, nous donnent aujourd'hui leurs idées, ils nous aident à cerner le problème et de nous suggérer certaines formules de rechange.

I would like to go, therefore, to one of our colleagues who is the Dean of First Ministers who has spent a great deal of time and effort at these conferences and elsewhere trying to fight for equality for his province. I would like to hear from Premier Hatfield.

HON. RICHARD HATFIELD: Thank you very much, Prime Minister. As you said, I have been concerned and involved with this issue which I think is fundamental to Canada and to the development of Canada. I want to start out and state categorically that there can be no claim of economic recovery in Canada unless there is real evidence of economic recovery in all parts of Canada. We can't use national statistics that don't -- that show great growth in manufacturing or whatever in one or two or three provinces if the same statistics show a terrible deficiency in other provinces. I have pointed out before that the fact of the matter is that Newfoundland has had and I believe to this day has the worst -- the highest level of unemployment of any province in Canada and I am probably the one to raise this because New Brunswick is second. That really is not an acceptable situation. The fact of the matter is that the province of Prince Edward Island has the highest power rates of any province in Canada and in very large measure that is a problem beyond the capacity of the people of Prince Edward Island to cope with or deal with alone.

We have our problems too in the province of New Brunswick, but if Canada is going to be the kind of

country that we are working for and if Canadians are going to have a sense of belonging to a country and a pride in that belonging then we have to be treated equally as far as possible and opportunities have to be equal as far as possible regardless of where we live in this country and the best way of assuring that is through a federal policy or a national policy of regional economic development.

I think, Mr. Prime Minister, you have taken a very important first step in the right direction by the fact that you appointed the Minister responsible for regional economic expansion the chairman of the Cabinet committee on the economy, but it is imperative in my view that as Prime Minister you must get across to all the members of your government that in everything they do they should take into consideration the regions: transportation, agriculture, fisheries, every government department and if there is that basic understanding at the ministerial level I think it will be far more successful than any act or project or strategies and we have had many of them in the last 14 or 15 years.

I think there is another point I want to make, Mr. Prime Minister, and that is that as I indicated earlier regional development really started going downhill around the late seventies. We were doing not badly. It wasn't showing up that well statistically, but we were doing fairly well in working with the government of Canada and suddenly regional development, a policy of the government of Canada became literally a political development policy and the legislation, the strategies, the decisions were

made not in the interests of economic expansion, not in the interests of equity as far as economic development is concerned across Canada, but in the interests of getting people elected and I think, Mr. Prime Minister, that the point has been made by the people of Canada that that approach does not work. I mean this program, as I have said to the Minister responsible, Mr. Stevens, the Industrial Regional Development Program Act needs to be rewritten because the Act was developed with the understanding or on the basis that the government of Canada will not work with the provinces. The government of Canada does not trust the provinces. It is the government of Canada's money and therefore the government of Canada must get all the credit for it. So I think it has been agreed that if we are going to discuss that further and I was very encouraged by the outcome of that meeting of Regional Development Ministers we had in Ottawa and I am looking forward to discussing that further, but I think it is very important that we review the legislation dealing with regional development and take a new approach to it because it is really a great concern to me that the taxpayers of Canada or the people in Canada are not going to support policies that appear to favour a particular area of Canada because of a particular deficiency like, for example, the province of New Brunswick. What is our deficiency? We only have about 700,000 people, not two million or six million or what have you. We should not be penalized for that. It should be recognized and we should be given special

consideration and special encouragement and there are ways and I will be releasing a paper suggesting some ways that I think that can be done, but it has to have the real conviction and commitment of the government and all the members of the government. The same approach, of course, has to be taken by the individual provincial governments as well.

We have to have the support. I remember the last time I felt that the whole concept of regional development was seriously threatened as far as public support was concerned was when it was made a political issue and DREE grants were called -- anyone who got a DREE grant was called a corporate welfare bum. Well, that didn't work politically either for that particular political party. The fact of the matter is that we do need in the province of New Brunswick and in other provinces because of our -- because of our lack of capacity within our political jurisdiction to cope with the kinds of economic problems that we have. We do need to have special consideration from the government of Canada and we need the support of the other provinces of Canada, because otherwise as I have said, there is going to develop in our country that whether or not you can get a job or whether or not you can have the benefits of being a Canadian depends upon where you live in Canada and that is not tolerable and a nation can't survive with those kinds of facts.

So I think it is very important that this conference commit itself in some way strongly to the concept of regional economic development. I am quite prepared and with a good deal of optimism look forward to working with your minister and the other ministers to try and improve the legislation, but there is no point in us going through this exercise unless we really do have the support of the governments of Canada.

THE CHAIRMAN: Thank you, Mr. Premier.

This item is on the agenda today and we only had four items -- we only have four items for the conference and I suppose it is because all the First Ministers determined

collectively that in a sense of fairness that of all the problems confronting Canada these were the four that we wanted to deal with today on a priority basis. I think if it is here, and I know that the Premier of New Brunswick speaks with particular sensitivity, as would the Premier of Newfoundland and others on this issue, if it is on the agenda today it is because I think we all believe that irrespective of where we might live in the country that we are all entitled to an equal kick at the cat and I think that is what it is all about. I won't read it, but I would point out just to remind us all that when the Premier refers to meetings with the Minister of Regional Economic Expansion and others, the ministers have agreed on nine very important principles which I think speak of our determination or our collective will to deal with this problem.

I wish, Mr. Premier, that I were sitting here as a Prime Minister of a new government with a lot of cash in the bank. My predecessor inherited, and I don't think I am much wrong on this, in his first fiscal year, an operating surplus of about \$700 million 15 years ago and I've got all of us have a deficit of \$35 billion. I don't cast aspersions. I just wish that we could do better, but the fact that we can't do everything overnight doesn't mean that we should do nothing at all. I think I speak for all of us when we reassure people that it is here because as the first point of agreement in the nine-point statement of principle says, "The federal and provincial governments view regional economic development as a high priority among national-provincial economic goals."

Les gouvernements fédéral et provinciaux considèrent que le développement économique et régional est une des priorités pressantes parmi les objectifs économiques nationaux et provinciaux.

I think that speaks to the primacy that we have all wanted to give the issue.

Premier Peckford.

HON. A. BRIAN PECKFORD: Just on that point, I think one of the things that we are trying to say as First Ministers and ministers from provinces like New Brunswick and Newfoundland is that the existing money should be restricted differently. It is one of policy rather than necessarily additional financial commitment.

Mr. Prime Minister, I am particularly pleased that we have acknowledged and emphasized the importance of regional economic development as a national economic policy issue by placing it on our agenda here today. As you are aware, regional economic development was an important part of our discussions at last year's 25th Annual Premiers' Conference in Charlottetown.

In 1984, obviously was a watershed year in terms of public policy debate in this country. In no area is this more true than in federal-provincial relations. Your government's approach to federal-provincial relations is truly a long overdue breath of fresh air. Harmony, consultation and co-ordination are so vital to the well-being of confederation.

A positive climate of federal-provincial relations is an essential ingredient in an effective regional economic development policy.

Over the past years regional development policies and programs in Canada have suffered a severe setback and we should put the background clearly in view. Unless we are able to re-establish the momentum of the early 1970's, the economically disadvantaged regions of this

country will continue to flounder in a morass of high unemployment, low incomes and high transfer payments. In my remarks today I would like to review past regional development policies, examine present regional development policies and suggest directions which, in my view, regional development policies in Canada should be taking.

In the early 1970's there was a strong federal commitment to regional economic development programs. In 1975-76, federal regional economic development expenditures in our province reached \$56 million. This level of expenditure continued throughout the 1970's and peaked at \$76 million in 1979-80. It is rather interesting, that was the year when we had the lowest unemployment, 13.3 per cent. After that, federal regional economic development expenditures in our province declined sharply to \$46 million in 1980-81; to \$31 million in 1983-84; and approximately \$33 million this year.

If the federal commitment to regional development in my province had continued in real terms at the level established in 1979-80, federal regional development expenditures this year would be \$140 million, as opposed to the actual \$33 million.

I have spoken primarily of the experience in my own province. However, it is my view that this situation prevails all across the country. In 1971-72 federal expenditures on regional economic development amounted to 1.8 per cent of the federal budget. In the last few years it has fallen to less than one per cent of the federal budget. If regional economic development expenditures were restored to the priority position they held in the federal budgets of the early 1970's, 1.8 per cent, there would be a federal expenditure of some \$1.6 billion

directed to the alleviation of regional economic disparities in 1984-85, as opposed to the \$300 million to \$400 million that were actually allocated for this purpose.

As we can see, Mr. Chairman, the federal regional development effort is seriously underfunded. It has been argued that since 1982 all federal departments have built regional development considerations into their normal expenditures. This may have been the policy intent but an examination of the data reveals that this was not the case. In fact our analysis shows that the reverse is true. Federal expenditures in the poorer regions grew more slowly than the national average; while in the richer regions of the country they grew faster than the national average. The national average was 18. something per cent. Ours was 12 per cent. The richer places it was 20 per cent and above.

Two important conclusions emerge from this review.

One, the national commitment to regional economic development has been seriously weakened over the past several years and is now seriously underfunded; and

Two, the distribution of general federal expenditures is not being used as a policy tool for regional economic development. I shall return to this point later in my remarks, because I believe it holds particular promise as a means of reducing regional economic disparities in a time of fiscal restraint. So no extra money would be needed.

At the Premiers' Conference in Charlottetown last August I put forward four principles which should guide

a national regional economic development policy, and I would like to repeat them here.

One, regional development programs should be based on the principle of the comparative advantage of each region. A specific strategy should be developed for each province.

Two, regional development is a long process. Policies and objectives must therefore be steadily pursued and consistently funded.

Three, federal and provincial governments both share a common interest in regional development. Co-ordination and co-operation between the two orders of government is essential.

Four, the federal government must commit itself to long-term adequately funded, joint initiatives with the provinces, whether through the ERDA agreements or another process and of course this is a problem we ran into that Premier Hatfield mentioned that they were not joint initiatives. They became unilateral initiatives by the former federal government.

When our Ministers responsible for regional economic development met in January of this year they formulated and have presented for our consideration a series of principles as a framework for regional economic development. I want to take this opportunity to endorse these principles and urge that they be adopted by this conference.

In our acceptance of these principles we must be aware that some policy and program elements already exist. What has been lacking has been the political and financial commitment necessary to make these elements work. We must renew our commitment to make the mechanisms work within the framework of the new statement of principles.

The present vehicle through which the main regional economic development programs are delivered, namely the new economic and regional development agreements called ERDA's can be an effective mechanism if programs are undertaken co-operatively and constructively. However we should be aware that there are serious implementation problems with some of the ERDA subsidiary agreements. These difficulties may be associated with the structure of the agreements and I would like the Ministers responsible for regional economic development to take

a closer look at these difficulties which I am sure they will.

If we are to be successful however I believe that additional funding has to be provided and the approach must be consistent and persistent recognizing the specific weaknesses and strengths of each area of the country. We must also recognize that Canada is not a homogeneous country. Each province and territory has unique problems and opportunities. Programs must be developed which take these unique differences into consideration and this is where the IRDP program doesn't work because it doesn't do it adequately. For example any programs designed for Newfoundland must consider that we have abundant natural resources, particularly fish, hydro power and now offshore oil and gas. Also our location puts us in a favourable position to maximize the benefits emanating from the future exploitation of the oceans. A great deal of effort has already gone into capturing this opportunity but more emphasis has to be placed on this important strength of Newfoundland in order for us to become a true centre of excellence for ocean development.

These are our natural advantages and our best opportunities. It follows that if Newfoundland is to benefit from these resources and bridge the gap with national averages then specific programs need to be developed to allow us to receive the benefits from these resources. In this sense, Mr. Chairman, we support strongly the view that regional development in Canada must concentrate on the economic strengths or comparative

advantages of the different provinces. Newfoundland has made this point consistently for years and was quite pleased to see it highlighted in your "Agenda for Economic Renewal" as a focal point of future regional development policy.

However we must consider carefully the type of regional development policy that is necessary to develop the economic strengths of provinces. There is a danger that the tendency to emphasize a narrow private sector approach will frustrate attempts to bring about regional economic development. For example, the IRDP because it presumes that you have a strong private sector and when you do not have a strong private sector to start with then that kind of program has to be amended to reflect that. It seems that the current policy is in fact an industrial development policy rather than a regional development policy. Industrial development policies focus mainly on manufacturing and processing. Initiatives in the primary resource field have been minimal and it is interesting to note that many of the poorer regions of our country are dependent upon primary resources.

A policy framework which concentrates on assisting successful manufacturing and processing industries will by definition be biased against the economically disadvantaged regions of Canada. In fact it will ensure that these regions will continue to be disadvantaged which is not to say that those programs shouldn't be there for the other provinces.

In Newfoundland's view a national policy and

program for regional economic development should first identify the economic strengths of each province or region. Second it should design and implement in co-operation with each province a program of measures and actions which would facilitate the development of the economic strengths in that province.

In the case of Newfoundland and I would think in most other provinces step (1), the identification process has already been completed. The important phase is step (2), the design and implementation of a regional development program. It is the design and implementation of a regional development policy which should be the focus of our national debate. It should include the following elements:

- 1) There must be a strong and expressed commitment to regional economic development on the part of the federal government. This should include a dedicated budget recognizing that governments of disadvantaged provinces lack the fiscal resources to make the regional development investments that are needed.

- 2) The inclusion of regional development into an industrial development policy framework inevitably blurs and weakens the regional development aspect. We need a policy covering both of these areas and we feel that these policies should be complementary to one another.

- 3) Regional development cannot be left solely to the private sector. The private sector is extremely weak in most disadvantaged regions. Often private sector development, even in activities where the region has a comparative advantage, requires a program to facilitate regional development activities by government.

4) Because the private sector is so weak in disadvantaged regions, the tax based approach or even the standard grant approach to industrial development, will not bring about any significant measure of regional economic development. These approaches pre-suppose the existence of a strong, vibrant private sector.

5) The approach to regional development must, therefore, be broadly based. For instance, the development of Newfoundland's economic strengths, the fisheries, the offshore oil, hydro power, ocean industry, mining, forestry, tourism will continue to require a broad-based regional development program. This program will include such areas as road improvements, airport improvements, educational facilities, harbour and port development, municipal infrastructure and so on. Initiatives in these areas must proceed in conjunction with such specific activities as hydro development, forest access roads, fisheries infrastructure.

Also in the formulation of a regional development policy there are other areas which are often overlooked but which could have a major impact, and play a major role in developing poorer regions. For example, with the improvement in communication technology, industry head offices, and federal government departments and agencies could be decentralized to an extent that was not possible in the past. In many cases, smaller units which are widely dispersed could be more efficient than large, concentrated units. This would result in considerable development in the less developed areas of

Canada. Accordingly, we should investigate the possibility of using tax incentives to encourage a wider distribution of industry and head offices across Canada.

I noted earlier, Mr. Chairman, that the distribution of normal federal expenditures would be a particularly effective regional economic development policy tool. As you will no doubt agree the expenditure policy of any government has a dual purpose: (1) the provision of services to citizens; and (2) as an economic management tool.

Certainly one would think that the federal expenditure program could be used as an effective tool of economic management to encourage growth and development in the poorest parts of the country. Given the regional disparities that exist in my province, for example, one would expect the per capita level of federal spending in Newfoundland to be the highest in the country. This is not the case.

Directing normal government expenditures to economically disadvantaged regions would increase significantly the level of economic activity and employment in these regions. The added advantage of this approach is that it would not place any new additional burden on the federal treasury.

Mr. Chairman, I am surprised that we have made such little use of this approach in the past. In fact, it appears that in Canada we have adopted the reverse of this approach. In the poorer provinces such as Newfoundland, Nova Scotia, New Brunswick and Prince

Edward Island the growth in per capita federal expenditures was significantly less than the national average. On the other hand, in the richer provinces, the growth in per capita federal expenditures was significantly higher than the national average.

National defence is a prime example where federal expenditure policy can be used to assist economically disadvantaged regions. In fact, this is a feature of defence spending in all countries and for all aspects of the defence budget, from the allocation of defence production contracts to the location of military bases. Of course, it is taken as a given that regional considerations are secondary to, and should not compromise military considerations.

The geographic position of Newfoundland and Labrador clearly shows that it is a logical location for a strong military presence. In fact, our NATO allies seem to have a keener appreciation of this than we do. Furthermore, there are strong economic reasons which warrant the establishment of a large military presence in my province. Yet per capita defence spending in Newfoundland is the lowest of any province in Canada.

We support your policy of upgrading Canada's defences but would suggest that this policy will have a dual benefit if it is used to reduce regional disparities. For instance, if the increase in the national defence budget is used to bring defence expenditures in my province up to the national average, as I have said, these are sound military as well as economic arguments to support

this, there will be a \$100 million increase in federal expenditures in Newfoundland. If these expenditures were brought up to the level that exists in our sister province of Nova Scotia, military expenditures in Newfoundland would increase tenfold by approximately \$500 million just to get a per capita equal to Nova Scotia. The impact on the Newfoundland economy would be tremendous. Yet it would not require an extra federal expenditure beyond what is already planned for military purposes. Neither would it require the lessening of existing military expenditures in any other provinces.

Similarly, Mr. Chairman, non-expenditure policies can be used as a tool for regional economic development. The national tariff policy is an example of a non-expenditure policy which is of tremendous benefit to certain parts of the country. The protection which it affords protected industries, almost none of which are located in the poorest regions of the country, is in fact an implicit subsidy which some sources estimate to be as high as \$2,000 per job per every year. I think somebody mentioned a figure to me the other day, Mr. Chairman, of \$1 in Ontario, \$1 spent in Newfoundland on consumer goods, 69 cents of it ends up back in Ontario. So we are doing our bit for Ontario.

In closing I would like to summarize. Firstly I support the statement of principles that has been placed before us by our Ministers responsible for Regional Economic Development.

Secondly we must inject new life into existing regional economic development policies and programs with

adequate funding and a new approach which emphasizes federal-provincial harmony and co-operation.

Thirdly we must examine means by which existing expenditure programs of the government of Canada can be restructured to generate economic activity and employment in the disadvantaged regions of this country. I have attached to this statement seven tables which will be circulated dealing with expenditure comparisons among the provinces vis-a-vis the federal government. National defence expenditures, a comparison of annual federal and DREE budgets, federal government expenditures by province, earned income per capita by province, personal income per capita by province, unemployment rate by province. You will see that what is bad and high we have it; what is low and bad we have got that too. So we can't sort of win for losing. I would commend for your study, Mr. Chairman, and to all the First Ministers here especially those who are not as disadvantaged as some of us are the blue sheet that I also distributed of which you will have a copy in a few minutes which details eight pertinent facts dealing with Newfoundland's position in Confederation since 1949 to this day that show how little improvement we have made.

That is not to say of course that we are not about to make improvements, because what we have done over the last few days and what we have done today on training programs and so on, no question, mark a new era where we are starting to make progress on these points, but regional development to emphasize what Mr. Hatfield has said is extremely important and must continue to be high on our agenda as it is today on any serious attack on national economic renewal for this nation.

Thank you very much.

THE CHAIRMAN: Thank you, Mr. Premier.

Je demanderais maintenant à monsieur Johnson, monsieur le ministre Johnson qui interviendra au nom du gouvernement du Québec.

MONSIEUR JOHNSON: Merci, monsieur le Premier ministre. Chez nous, monsieur le Premier ministre, le développement régional est vu essentiellement comme un outil, un outil qui de plus en plus est perçu comme étant au service d'une vision de politiques de l'emploi, dans un contexte où l'après crise a généré non seulement les difficultés budgétaires qu'on a vues et que vous voyez en ce moment au niveau de l'état fédéral, mais également aura apporté avec elle sûrement les bases de changements qui, dans certains cas, prendront un caractère permanent dans notre société.

Les instruments que nous devons utiliser pour y faire face seront évidemment, d'une part, de viser la croissance économique mais parce que nous sommes conscients que les investissements n'ont pas le rendement, en termes d'emplois qu'ils ont déjà eus il y a quinze ou vingt ans.

Il faudra aussi avoir recours à une panoplie de d'autres instruments.

Le Premier ministre ce matin a eu l'occasion d'évoquer, dans ce qui semblait être un consensus avec ses collègues, ce qu'il croyait notamment d'un moyen macro-économique qui est la politique monétaire.

Il y aura aussi l'ensemble des revisions qu'il faudra envisager chez nous comme société, et qui touche ce qui arrive avec le travail, son partage pour le plus grand nombre et c'est un peu dans ce contexte et ce qu'il implique de concertations des intervenants que nous envisageons aussi le développement économique.

Quand nous parlons de développement économique régional au Québec sur notre territoire, nous parlons de l'Abitibi-Témiscamingue, la Mauricie, du bas St-Laurent, de la Côte nord et y compris le comté de Manicouagan.

Nous parlons aussi des grandes régions urbaines. Sur notre territoire, nous tentons, dans tous les secteurs d'activités où nous exerçons nos compétences et nos attributions, de pousser les dynamismes régionaux.

L'objectif est celui, évidemment, de la croissance économique et ses effets sur l'emploi, de même que le harnachement des énergies de tout ce qui participe à la création d'emplois sur un territoire: syndicats, regroupements d'employeurs,

associations sectoriales, sommets régionaux et sommets sectoriels que nous pratiquons, comme vous le savez, au Québec depuis six ans maintenant.

Le développement régional est donc un outil, une façon de créer l'emploi, de responsabiliser les intervenants, les communautés elles-mêmes souvent.

Il est aussi, par cette recherche de mise en commun des intérêts, et parfois il faut bien le dire, par la confrontation de ces mêmes intérêts, une façon essentielle pour la société de s'adapter de façon responsable aux changements profonds et, dans certains cas, permanents qui sont engendrés par les conséquences de la crise économique que nous avons connue.

A titre d'exemple de ces changements, celui du chômage des jeunes nous a amené à élaborer et mettre en oeuvre d'ambitieux programmes d'insertion sur le marché du travail.

Pour celles et ceux à qui il manque des instruments, notre programme visant l'employabilité des jeunes de moins 30 ans et qui sont en difficulté nous permettra d'avoir près de 50,000 en 24 mois qui, entre autres, pourront retourner aux études ou s'adonner à une formation en industrie qui soit structurée et encadrée.

Par ailleurs, des programmes de ministère, tel celui de l'Industrie et du Commerce, devraient permettre en trois ans à 12,000 jeunes diplômés universitaires ou du secteur technique, de s'adonner à des stages en formation, à créer leur

propre entreprise, à occuper des postes de gestion dans les petites et moyennes entreprises, à créer des coopératives de travail, à occuper un poste dans le domaine scientifique dans les petites et moyennes entreprises.

Aussi, pour affronter les défis de la nouvelle révolution technologique, le Québec, après avoir largement consulté les intéressés, ses partenaires économiques et, dans bien des cas, les citoyens, a défini clairement des objectifs et des priorités dans des énoncés de politiques, tel bâtir le Québec et le virage technologique.

Le programme de relance que le gouvernement du Québec a annoncé en novembre 1983 traduit, pour la majeure partie, les grandes orientations qui ont été dégagées de ces deux documents.

Les résultats obtenus sont déjà remarquables, le Premier ministre ce matin les a évoqués, le dynamisme de notre économie et le soutien apporté par l'action de l'état dans ce domaine a permis au Québec, en 1984, de rattraper 80,000 emplois.

Ainsi, dans le secteur de l'habitation, le programme Corvée habitation a permis de faire progresser, grâce à cette concertation, de 4,1% la construction domiciliaire au Québec en 1984 alors qu'elle chutait de 17% pour l'ensemble canadien.

Le programme d'utilisation des surplus énergétiques aura permis jusqu'à maintenant des investissements structurant de plus d'un milliard et demi dans les seuls endroits de Bécancourt et de Baie Comeau.

Les caractéristiques de l'évolution du développement régional au Canada, cependant, doit être vu dans ce que j'appellerais un double historique, un qui a une quinzaine d'années et un autre qui a quelque six mois.

Sur le plan canadien, l'évolution des politiques de développement régional, jusqu'à encore tout récemment, a été marquée par, finalement disons-le, les échecs des grandes politiques nationales qui, malgré l'application des politiques compensatoires, tel le chômage, l'assurance-chômage, n'ont pas corrigé les inégalités des régions au Canada.

Le chevauchement bureaucratique a engendré des querelles qui ont eu des effets extrêmement stérilisants, retardé des développements, généré de la confusion et de la perte de confiance pour ceux qui traitaient avec les deux ordres de gouvernement.

D'ailleurs, je vous dirais, monsieur le président, que ce chevauchement bureaucratique nous a permis récemment de publier ce guide de 175 pages et qui n'est qu'une nomenclature des programmes d'aide offerts aux entreprises québécoises, que ces programmes soit d'origine fédérale ou provinciale.

Après avoir mobilisé autant d'énergie et de ressources pour définir ces objectifs, ces priorités, ces programmes de développement économique, le Québec demande des politiques fédérales qui soient le mieux adaptées possible à ses besoins et un appui aux efforts québécois de développement des régions.

Les politiques fédérales traditionnelles avaient le défaut d'être contre productives puisqu'en basant la répartition des ressources disponibles pour le développement économique régional, uniquement en fonction des structures économiques existantes, des provinces quelle qu'elles aient été, cette politique traditionnelle à toutes fins pratiques perpétuait le statu quo entre les provinces riches et les provinces pauvres, ce qui n'est pas étonnant quand on parle de problèmes de répartition des ressources.

Si nous devons bâtir sur nos forces, il ne suffit pas de bâtir sur les avantages acquis dans le passé par certaines régions, grâce, il faut le dire, à certain des effets des politiques fédérales qui les favorisaient.

Il faut maintenant bâtir sur toutes les forces vives des provinces en appuyant les objectifs et les priorités économiques qu'elles se donnent, en utilisant au maximum les instruments et les institutions à vocation économique dont elles sont dotées au fil des ans, en encourageant le dynamisme et l'entrepreneurship de chaque province et en apportant un appui aux programmes qu'elles ont élaborés pour satisfaire les besoins ressentis par la population.

L'ampleur des efforts nécessaires requiert plutôt maintenant la collaboration des deux ordres de gouvernement, l'harmonisation de leurs programmes respectifs et l'utilisation rationnelle et cohérente des ressources disponibles.

Il faut le dire, depuis six mois, monsieur le premier ministre, un certain discours de Sept-Iles peut-être aidant, nous avons eu l'occasion de conclure une entente en matières de développement régional qui a permis d'ouvrir la voie à la conclusion d'ententes dans différents secteurs économiques, tel le tourisme, le développement industriel, notamment pour les infrastructures et l'aide aux projets majeurs, les communications notamment pour la commercialisation des logiciels et l'aide au développement des technologies.

D'autres sont en préparation dans le domaine de la forêt, des mines, des petites et moyennes entreprises, de la recherche et du développement dans lequel le Québec et le Canada devront investir plus, le transport et, possiblement, les pêcheries et l'agriculture.

Permettez-moi d'abord de souligner à cet effet ce qui, nous l'espérons, est la fin de batailles sans objet, stériles et paralysantes et permettez-moi de souligner sûrement les efforts et le temps qu'aura consacré monsieur Stevens à ces discussions, ainsi que les efforts et le temps qui auront mis un certain nombre de ses collègues, je le sais, dont certains sont ici.

Le gouvernement canadien y aura trouvé la réponse à certains de ses objectifs. Notamment, l'affirmation qu'il s'agit là d'un instrument privilégié de concertation entre les programmes fédéraux et provinciaux.

En termes concrets, l'action du gouvernement fédéral dans le développement économique devrait donc, en partant des priorités des provinces, éviter les dédoublements, viser une diminution des disparités régionales, entre autres par la diversification des économies.

Dans un tel contexte, nous pourrions donc souscrire aux principes qui ont été évoqués par monsieur Stevens et qui ont fait l'objet d'une correspondance entre lui et mon collègue le ministre de l'Industrie et du Commerce, monsieur Biron, récemment et que je crois retrouver, pour l'essentiel, dans un document que vous venez de distribuer.

Quant à nous, nous y retrouvons le respect de nos compétences et nous souhaitons que le climat et le rythme récent permettent au Québec de continuer de l'avant dans la mise en oeuvre de ses priorités, car nous recherchons la plus grande efficacité possible en matières de croissance économique, d'équilibre et d'emplois pour celles et ceux, au service de qui nous devons déployer ces efforts.

LE PRESIDENT: Merci, monsieur Johnson. Monsieur Duhaime, est-ce que vous avez -- c'était la présentation?

En regardant monsieur Johnson et monsieur Duhaime, en diagonale, le petit bouquin ça indique sinon autres choses, au moins l'urgence pour nous de s'entendre sur certaines modalités et certains principes dans l'intérêt du contribuable parce que c'est tout de même

assez dérisoire de penser qu'une population soutient des positions ou des programmes divergents alors qu'on est là pour soulager le contribuable et non pas l'affliger davantage.

Merci beaucoup, monsieur Johnson.

Premier Lougheed, briefly on the --

HON. PETER LOUGHEED: Prime Minister, when we discussed at Meech Lake this item on the agenda, regional economic development opportunities based on the strengths of each region, my recollection of that discussion was that the Atlantic province premiers raised the item and then we discussed the ambit of the item on the agenda. My recollection was that it involved a discussion of various sectors and various regions of the country that had concern and needed new policies.

Often when you look at average statistics across Canada they can mask some important difficulties and there is developing in Canada a very serious problem with regard to agriculture in the western region of Canada in particular. I would like to take a few minutes, because if I were a farmer in western Canada observing these proceedings I would be concerned that there is adequate recognition given to what is developing throughout all of North America frankly in terms of agricultural problems.

I really hope that with your government and I suspect by just looking around and seeing who is here that you do give a high priority to agriculture. I have always felt that with the previous government if they had 20 items on the agenda, agriculture was 19 or 21. The difficulty with agriculture at the moment, and when I say at the moment I mean in this period of time, is that there is a real pressure, Prime Minister, on the agriculture producer right across the board. It comes for a number of reasons; commodity prices are depressed and we will talk about that tomorrow no doubt in terms of trade.

In addition to that, their input costs have

certainly been going up and we talked about interest rates this morning and other input costs are going up as well. We have had, in addition to that, and I am sure the Premier of Saskatchewan and the Premier of Manitoba may want to comment, some real difficulty in western Canada with regard to our drought conditions and we very much appreciate the way your government so quickly after the election responded in working with us on that matter, but we really should be giving a greater priority to some policy moves and some action in the field of agriculture in western Canada. I could cover a number of the subjects and I will only take two of them today.

The subjects include, though, the question of innovative financing; they include the whole area of what we can do to process more of our agricultural products here in Canada before shipping them out for export. They certainly involve the trade matter that I just mentioned and will be referred to tomorrow under the trade item, but there are two really key elements in terms of western agriculture that I wanted to emphasize. The first is the issue of income stability. We recognize and you recognize that some important steps have been taken in terms of the Western Grain Stabilization Act, Prime Minister, but I think that we have to, and I believe the discussion has been going on between our Ministers of Agriculture and your Minister of Agriculture on the question of whether more can be done, different ways can be established, because we really do need to have some new measures. We are into a situation of some real squeeze on our farmers and our grain farmers and our livestock producers in our province. I guess sitting here and hearing about the concerns of other

regions in Canada it would have really disturbed me not to make these comments, because there might have been a misconception or an unawareness of the problem with agriculture.

I am not suggesting for a moment, Premier Miller and other premiers, that it is just a matter of Alberta, Saskatchewan and Manitoba. The agriculture problem is across the country.

But on the income stability and income stabilization I really think there are some more things we can do and I do hope we do have some reference in whatever communique or follow-up comes from this conference to show that the First Ministers themselves are well aware of the difficulties of Canadian agriculture in a number of areas including income stability. We are pleased that your government has introduced a national Red Meat Stabilization Act, Prime Minister. We support that. We believe that if it can be production neutral, if it has got the support of our producers that we can work it out and I think it can be very positive in terms of bringing stability and we have worked closely with Ontario and other provinces on that matter. It needs to be emphasized and I think you need to know at a conference like this, Mr. Prime Minister, that we considered it a very important initiative of your government to bring forth that Act that has been discussed for some considerable period of time.

There is another element of western agriculture that I wanted to comment upon and that is the Western Grain Transportation Act that your minister, Mr. Mazankowski is fully familiar with. You will recall

your Prince Albert statements, Mr. Prime Minister, and you know that I read all of your statements carefully and the statement that you made then with regard to that matter, and I quote: "A Progressive Conservative government will make the amendments to the Western Grain Transportation Act required to guarantee a growing and confident agricultural sector in western Canada."

We know the complexity of them. Some of them are obvious. Mr. Mazankowski is aware of them. We certainly feel that it was fundamentally wrong to have brought in the CAP of 31.5 million tons, that the CAP concept worked against the whole incentive system. We feel that there just has to be a better safety net. The idea of moving ahead with that change, fundamental change for western Canada certainly wasn't predicated, Prime Minister, on what we have now seen in terms of the squeeze of net farm incomes and I think there has to be a very quick reassessment of it. I know there is a review provided for in the Act, but I hope it is the view of your government that that is a matter that moves up on your agenda because I really think the difficulties of western agriculture can't conceivably wait for an extended period of time. It has to be given a higher priority.

There are a number of other elements. We have had debates and you are well aware of them as are your various ministers with regard to the method of payment and we would like to have that reassessed. I won't emphasize it further, except to conclude by saying this; there should be a greater awareness by Canadians and there needs to be a high urgency by all governments that are involved, as we are in Alberta with agriculture policies and I hope that we can include in our

final statement or whatever we are going to have, the recognition of the difficulties of the agriculture community in this country.

THE CHAIRMAN: Mr. Premier, I am glad you mentioned the agriculture community. If we all sat around and we talked I think about the necessity to enhance our productivity and to become more competitive in the world and the necessity for rewarding productivity and in point of fact I don't know that there is an area of our national economic life where there has been a greater productivity increase over the last 15 years than Canadian agriculture and I don't know of a sector that has received less in return in terms of reward for that individual effort. So I am glad you mentioned it. I am delighted to hear that you keep my Prince Albert statement close to your bedside for reading.

HON. PETER LOUGHEED: It is a fine speech.

THE CHAIRMAN: And Mr. Lévesque reads the Seven Island speech.

HON. RENE LEVESQUE: In both languages.

THE CHAIRMAN: In both languages. So thank you, Mr. Premier, I think it is important that we dealt with the agricultural issue although not exhaustively and I know we will come back to it tomorrow. Premier Buchanan.

HON. JOHN M. BUCHANAN: Thank you, Prime Minister.

This item on regional development programs is probably one of the most important ones that we will be discussing. They are all important, but this is a very important one in terms of the Atlantic provinces and specifically with respect to Nova Scotia. There is no doubt in our minds that in our part of Canada regional development programs recognizing the kinds of regional diversities that we have in this country is essential if

there is to be economic recovery and if jobs are to be created, and if so I say it is interrelated but it probably is one of the most important ingredients in the whole process as far as we are concerned.

Regional development, of course, must be an integral component of Canadian economic policy and cannot be as it has in the past three or four years simply kind of an add-on or an after-thought and I notice from Premier Peckford's statement and our own in Nova Scotia the reduction in dollars going into the Atlantic provinces is quite substantial. That reduction is taking place in an increasing amount of reduction since 1980-81 I guess, so it has been treated as a bit of an add-on or an after-thought and is something that is just there that they believe had to be done but really wasn't that important.

So now this is the appropriate moment in the history of regional development to inject what we would call a renewed life, more money and innovation into the whole process. It is a good time to replace the uncertainties of the past few years with a more short-handed and stable approach to regional development.

We have no difficulty by the way, Mr. Prime Minister, in endorsing the nine principles outlined by the Honourable Sinclair Stevens in his Telex to the Ministers of Development. I just want to mention two of them that I note. "Closer federal-provincial co-operation should be achieved by harmonizing all regional economic development efforts." That is fresh air. That is new. That sounds just great.

Also, transportation recognizes a key to

regional economic development. Again, fresh air, something that we have recognized in Nova Scotia for years and something that was recognized by the Honourable Robert Stanfield for many years. He always said that transportation must be part of regional -- the economic policy, and I am so pleased to see it is here in print and signed by Mr. Stevens.

So we have no difficulty in endorsing those principles at all. Mr. Prime Minister, a good way to capitalize on opportunities arising in any sector in our province is by the use of horizontal or cross-sectors subsidiary agreements under the ERDA agreements. In Nova Scotia for example we see some real possibilities for joint federal-provincial action in areas such as management training, again getting into technology, technological transfer and trade development. These types of agreements would involve a somewhat new way of looking at development and opportunities, the kind of innovations that I think are needed if we are to have a regional development policy which has meaning. They would contain programs and projects which can be of benefit both to new businesses and to existing industry. They would respond to private activity in any sector rather than having governments choose only some firms or industries or sectors for support or encouragement. I think we have learned the lessons over the years that sometimes, in fact most of the time, governments may not be that successful in choosing winners or losers.

The agreements would be forward-looking and progressive focusing on the development of new skills in management or in R&D or marketing. In addition to providing physical infrastructure and offering financial incentives for firms they would provide business support systems in areas such as computerized information, management development, marketing and promotional expertise, industrial engineering for productivity and efficiency improvement.

In both federal-provincial agreements and industrial and regional development programs we believe that a few essential principles must apply. We certainly must recognize the opportunities that exist in our provinces and regions at the present time and we have got to build on those. We have got to build on our resources. Premier Peckford made a point of that and we agree with that. It is interesting how much Premier Peckford and I are agreeing nowadays on everything. Since economic development is a shared responsibility at the two levels of government federal programs and provincial programs of assistance must be formulated, and this is very important, because it has been lacking for so long, and this is very important, because it has been lacking for so long, must be formulated with close collaboration between the governments and in consultation with the private sector. There must be no overlapping of responsibility or programs. Tax dollars have been wasted in the past number of years by federal-provincial programs which were unilateral in fact and political profile took precedence over expansion and the real reason for regional development programs. Delivery of business assistance programs should be decentralized with decision-making on specific projects taking place in the region by provincial-based officials. Assistance mechanisms should be simple to understand, as few in number as possible and flexible enough to cover the broad range of sectors and accommodate all types of activity promoting economic growth. Again over the past years we have witnessed numerous offices and mechanisms and vehicles being put in place which have been

very confusing and costly to the people who are using them and also to governments.

Nova Scotia also needs agreements and programs that are geared towards meeting the needs of small business. I said this morning that 50 per cent plus of people employed in Nova Scotia are employed by small business and we do have a lot of enterprises in Nova Scotia falling into that category. They are small, they are medium-sized businesses and they have proved in the past to be good job creators.

Close consultation is essential in dealing with areas of high unemployment and waning economies and again I will mention Cape Breton and I was pleased this morning we had a little discussion about Cape Breton. The problems there are severe and they are growing and there are going to have to be special and sustained efforts with the three levels of government, private sector getting together to help alleviate the immediate hardship, formulate and implement long-term strategies that improve economic prospects in the area and we are so pleased that the federal government are recognizing the severe problems in that part of Nova Scotia and Mr. Stevens and I have spoken about this, you and I have spoken about this and we like your approach. It is a long-term approach, not a bandaid approach. It is a long-term approach and we are looking forward to working closely with you in formulating some policies and programs of a long-term nature for that very hard-hit part of Nova Scotia. Because of Canada's vast geography and the pattern of settlement it is a fact of life that one of the national policies which can be counted on to arouse

attention in the regions is transportation policy. For the Maritimes linkages between the rest of Canada, with the United States and other parts of the world in terms of availability, quality of service and price are extremely crucial from the standpoint of costs, industrial competitiveness and the ability to attract new investment. Due to economic necessity Nova Scotia will always very carefully scrutinize such matters as regional ferry service, freight rate assistance, rail system changes, port development, sea transportation, ships and air and highway access. So, Mr. Prime Minister, we believe that there is in fact a new era of federal-provincial economic co-operation about to unfold. The new era will be highlighted by a positive environment in Canada for investment both from within our country and foreign investment and new jobs.

A realistic approach to regional development programs recognizing regional diversities and differences throughout this country building on our own opportunities and developing our own resources and federal-provincial programs which are not unilateral but working together and finally, Mr. Prime Minister, a determined effort by all of us to make it work.

THE CHAIRMAN: Premier Pawley.

HON. HOWARD PAWLEY: Prime Minister, before commencing my remarks I want to say how pleased I was in your response to Premier Lougheed pertaining to the agricultural situation. Premier Lougheed summed it up quite well insofar as Western Canada is concerned. Between climatic conditions and the cost-price squeeze we

have reached a very critical stage in Western Canada. Unfortunately for many years there has been I think somewhat of a vacuum insofar as agricultural policies that would deal with effective action and I know the problems are complex. I want to just specifically indicate that I concur that the Grain Stabilization Act has to be reviewed, should be reviewed immediately, I think that there are certain inequities so far as the west is concerned. I think the matter of the Grain Transportation Act given the present decline in farm incomes in Western Canada, that there is need for review in that respect and probably most important is the matter that we dealt with this morning and that is interest rate policy and the need for us to ensure that farmers have access to monies, reasonable interest rates if they indeed are to sustain the family farm. I fear that we are on the verge of losing hundreds of family farms certainly in the Prairie provinces. I can't speak for Eastern Canada if we can't come to grips with the interest rate issue, cost-price squeeze, other matters pertaining to the western farmer. I think it warrants, Mr. Prime Minister, an examination as to whether the Agricultural Ministers should not meet to develop jointly federal-provincial in the spirit of co-operation that we witnessed today, a joint action plan to deal with the critical problems of certainly the western agricultural field and it may be true as well in the east but certainly it is critical as Premier Lougheed indicate in Western Canada.

Regional economic development is in many ways the most important item that is on our agenda and it may

also be the most difficult item for us to deal with as First Ministers. I think we all realize that the way that we deal with this issue here in the months that lie ahead will play a large part in determining whether we can achieve and sustain the kind of co-operative, co-ordinated approach that we seek. In these discussions I think it may be useful to recall how significant public policy, both federal and provincial, have been to shaping the Canadian economy and to determine how our provinces and regions have developed over the past century. Of course

market forces both international and domestic have played a major part but in many ways those forces have been shaped and influenced by our national policies, tariff policies, transportation policies, taxation and other fiscal policies, agricultural policies, energy policies and so on, but in another way governments must bear significant responsibility for the fact that there are still dramatic and unacceptable disparities in our country. We all know about the wide range of unemployment rates across the country and I find it deplorable that one part of this country should bear the burden of a 26 per cent unemployment rate and unemployment rates in other parts being twice as high as it is in other parts of our country.

There is a similar pattern too in some of our budgetary figures. Often the smaller and less wealthy provinces have to apply higher than average taxes to help support basic services, services which sometimes cost more to provide on average than larger provinces because of the

economies of scale. At the same time Canada has made great strides in sharing the benefits of uneven economic growth.

Key national programs such as Medicare, Old Age Security, the Canada Assistance Act, Family Allowances, Unemployment Insurance, Canada Pension Plan are obvious important examples and perhaps the most important of all is the National Equalization Program. We think the current equalization formula badly needs improvement, but the existence of a formal equalization system is critical to the future of Confederation. In our view these programs have done more for national unity, more to alleviate regional disparities than a great many special targeted programs, developmental incentives in the past.

Special development assistance programs are needed too, badly needed, but there is a limit to what they can achieve, especially if other national policies run counter to them whether it be by intent or whether it be accidental. That is why we have argued that regional economic development has to be recognized as a first order national priority and that all national policies should be judged at least in part on whether or not they contribute to the goals of a fair and balanced regional development.

Those are fundamentally important policy principles which Manitoba put forward at the recent Conference of Ministers Responsible for Regional Economic Development. We are encouraged by the general support those principles seem to have received as key national policy guidelines for the future. Still, we are under no illusion about the difficulty of implementing those principles. In effect by endorsing the goal of fair and balanced regional development we are affirming our belief that every region and every province has an important contribution to make to national economic renewal and by implication we are also rejecting the simplistic notion that fair and balanced regional growth is simply going to occur in some way or other on its own. The private sector can and should be encouraged to play a stronger role in regional development policy, but governments, both federal and provincial must continue to play a strong part too. For this reason, we are encouraged by the new federal government's support for the economic and regional development agreements which have now, I understand, been signed with all ten provinces and for us the ERDA approach was welcome, because it complemented our own strategy under the Manitoba Jobs Fund of emphasizing medium and longer term economic development in a variety of key areas. We also see the ERDA system complementing our efforts to maximize for our province others the substantial economic benefits which will result in the resumption of hydro-electric development in northern Manitoba with the construction of the Limestone generating plant.

We were also encouraged by the recent

tentative agreement among our ministers responsible for regional development to meet frequently over the next year or longer, perhaps as often as every two months to review options for improving the programs that they administer. We also agree that one of the key priorities for this review should be the industrial and regional development program, the IRDP. We continue to support the idea of differential levels of federal assistance for various provinces and regions, but we have felt from the very beginning that the formula that is used to calculate these differentials under the IRDP has been unsatisfactory to say the least and to be very polite in this company. It was implemented without consultation of the provinces and I think it has resulted in very serious anomalies, such as the inclusion of much of northern Manitoba as well as large parts of the balance of our province with high rates of unemployment in the same assistance category with all due respect to Frank Miller and the same tier as Metropolitan Toronto and now, of course, much of the assistance to that category, the so-called Tier One has been all but eliminated.

I hope it is going to be possible, Mr. Prime Minister, for us to come to a very early agreement on regional development assistance measures which are much more sensitive, much more logical, much more rational to regional differences, much more objective and selective in their application than the program which I have just described.

On this point I would also like to raise some general concerns that I have about the possibility of placing a too heavy reliance on tax incentives and the tax system as the mechanism for delivering such assistance. First,

tax incentives can be difficult to target in a selective way and our recent experience for example, with the scientific research tax credit program is one such example.

Perhaps of greater concern though has been the tendency of national tax incentive measures to favour larger, well-established corporations, most of which of course are based in central Canada over smaller and newer enterprises, the kinds of businesses which our province and others see as their key of growth in the years that lie ahead.

Securing adequate financing has been a long-standing problem for small businesses across our country but especially I think it is fair to say that it has been most acute in the west and in the east, the Atlantic region. Although we don't have a great deal of information on the federal review of business assistance which we understand is being carried out under a ministerial committee I understand being chaired by the Deputy Prime Minister, we would welcome consultations on their findings thus far and on our concerns as well.

As I noted earlier, the distribution of federal expenditures across the country has had a major impact on both provincial and regional economies. I am referring not only to expenditures for economic development programs, but also to transfer payments and the entire spectrum of federal program activity. We have already made it clear that we feel the expenditure cuts which were announced in the November 8th statement had, with all due respect, Mr. Prime Minister, and this comes as no surprise to you because we have discussed this, a higher than average impact on Manitoba. That was indicated by our own

preliminary analysis and we have yet to see any evidence that causes us to doubt that analysis. Among the main cuts were the National Research Council Institute for Manufacture and Technology, the NRC's high altitude research in Gimli and Churchill, the proposed Via Rail maintenance facility and in this connection I very much appreciated your commitment, Mr. Prime Minister, to review these decisions. Similarly, I appreciated your willingness, Mr. Prime Minister, to meet with me before Christmas to discuss our concern about the prospect of a \$72 million cut in equalization payments for Manitoba for the fiscal year starting April 1st.

Our equalization system has often been called the cornerstone of confederation. It's a unique and explicit set of arrangements for ensuring that the costs and benefits associated with the Canadian economy are shared fairly across the country. The principle of equalization is now enshrined in the Constitution, appropriately enough in Section 36 alongside our collective responsibility to regional economic development. In this connection it is worth recalling a key principle which I believe all provinces are on record as supporting, namely that there is nothing to be gained for Canadian taxpayers through measures which simply shift costs, shift deficit burdens from one level or order of government to another. There is no doubt that federal and provincial programming can be made more effective and that we should be working more closely together to reduce duplication, to make the best use of our scarce resources, that we would not want to see efforts to harmonize programs or such concepts as respect for jurisdiction become the rationales

for off-loading costs from one jurisdiction to another. All of us are facing changing priorities on net needs. Many of them are critical.

The expanding demand for child care services is critical. Some have said that this is a social issue. In fact, we all know that it is an economic issue. It relates directly to our efforts to ensure economic equality for women. Here there is a clear need for federal-provincial co-operation in program expansion and we believe a stronger federal financial commitment. I am raising this issue here because I think it does have a significant regional dimension. As I said earlier, all provinces are not equal in their ability to finance needed services. For that reason we have proposed a national day care act which would involve differential federal cost sharing across the country.

Before concluding I would like to turn to another issue of major importance to us all, the growing problem of interprovincial economic competition. Again, I am pleased to note that our ministers are suggesting we endorse as a policy principle as "Governments should explore opportunities for increasing interregional trade, eliminating barriers between provinces." My own sense of our discussions over the last several months, the Premiers' Conference in Charlottetown, our meeting at Meech Lake in November is that we may now be in a better position than any time in the recent past to deal with this issue in a constructive way. I think there is a political will to do so, Mr. Prime Minister, and an understanding by all of us around this table that it is critical that we do so.

Our recognition that regional development is

a shared responsibility must be pursued in a true partnership implies far greater co-operation than has been the case in the past, but as we have said time and time again, surely there must be agreement that the current situation is unacceptable, that many of our competitive efforts are counter-productive and are wasteful, bring little or no measurable benefit to individual provinces which are responsible for them, much less to Canada as a whole. Again, I welcome the indication that we will soon begin to address these issues directly.

Prime Minister, on the day after your election victory in early September, I sent you a congratulatory letter on behalf of the Manitoba government which included these words: "You and your new administration will take office with a strong and truly national mandate, marked by significant representation from all provinces and regions. Your new responsibilities will be extremely heavy, but you will also have a unique opportunity to work towards reconciling regional differences, correcting regional disparities, developing national policies with effective input from across the country and with impacts which are fair to all provinces."

In early November I was encouraged to see some similar words appear in the Speech from the Throne and to see your administration emphasize the need for a national consensus on how to share both the benefits of economic growth and the burdens that we must all carry fairly insofar as economic adjustment during these times. Similarly, words appeared in your opening statement today that were most encouraging. We all agree on the importance of building on our strengths. In our diversity as a country there is so much opportunity for development and we all agree that every province and every region can and must make a major role, contribution to economic renewal and I think the challenge for all of us now is to demonstrate that we can make co-operation work in a fair, balanced way to the advantage of all Canadians no matter where they live in this country.

LE PRESIDENT: Merci, monsieur le Premier ministre.

Il nous reste encore quatre Premiers ministres qui tiennent bien sûr à se faire entendre sur ce sujet. Nous sommes arrivés tout de même à la fin, tel que prévu, de notre journée de travail, également tel que convenu sur l'agenda, on va se retrouver ici demain matin -- 9:00 o'clock sharp -- pour terminer la discussion sur les problèmes d'expansion régionale économique --

And to move on to the final item on our agenda, trade, international and national trade.

La journée a été longue et passable-ment fructueuse -- I thank you all as the new kid on the block for making my first such meeting a very interesting and challenging one. Thank you all.

--- 5:40 p.m. - 17h40

FIRST MINISTERS' CONFERENCE
ON
THE ECONOMY

CONFÉRENCE DES PREMIERS MINISTRES
SUR L'ECONOMIE

VERBATIM TRANSCRIPT

COMPTE RENDU TEXTUEL

(unrevised and unofficial)

(non révisé et non officiel)

Morning Session of
February 15, 1985

Séance du matin
du 15 février 1985

Regina
February 14 and 15, 1985

Regina
Les 14 et 15 février 1985

--- 9:00 a.m. - 09h00

THE CHAIRMAN/LE PRESIDENT (The Right
Hon. Brian Mulroney, Prime Minister, Canada/Le
très hon. Brian Mulroney, Premier ministre, Canada):

Colleagues.

A l'ordre, s'il vous plait.

M. RENE LEVESQUE (Premier ministre,
Québec): I was here before you.

THE CHAIRMAN: When we ended yesterday -- order, please. A l'ordre, s'il vous plaft. When we finished last evening we were in the regional economic expansion chapter and we will conclude -- I believe there were four Premiers yet to speak, but the provincial premiers and I agreed sometime ago that this might be an opportune time to hear from Mr. Chris Pearson, the Government Leader of Yukon on my right and Mr. Richard Nerysoo, Government Leader of the Northwest Territories who is with us today and so I would ask them to use this opportunity to make their cases, not necessarily on the topic under consideration. Feel free to use the time as you deem fit.

MR. CHRIS PEARSON (Government Leader, Yukon): Thank you, Mr. Prime Minister, for the opportunity to speak on behalf of the people of Yukon. Yukon has elected our government in exactly the same way as the people of the provinces elected theirs. I am here as their representative just as the Premiers are here speaking for their respective regions. The same Premiers have contributed positively to the growth of confederation by welcoming me to their annual conferences in recent years. In doing so, they have recognized the rapid development of responsible government in Yukon. I regret, Mr. Prime Minister, that because of where I am sitting I have to make the point that I am not here as a member of the federal delegation. I am at this table representing the people of the Territory. We have rejected the form of federal delegation as a relic of the past totally inconsistent with the fully elected Cabinet government. Mr. Prime Minister, I want to thank you for recognizing that Yukon is no longer the colonial domain of Ottawa. You accept that a First Ministers' Meeting on the economy should include

the elected leaders of all Canada's governments. We in Yukon remember Mr. Diefenbaker's northern vision. It left us with our excellent highway network which is the Territory's backbone today. I would not be here without that vision for I went to Yukon 28 years ago today to work on those highways. Many others went as well and we hope we have contributed something valid to the building of this country. We remember too the refreshing sense of confederation shared by Mr. Clark and Mr. Epp and Mr. Nielsen that led us in 1979 to a fully elected Cabinet government. I believe my successors will remember your invitation to me in the same light.

It is a welcome recognition that the needs of Yukoners are as valid as those of citizens of Saskatchewan or Québec or any other province. It is also recognition that historically our confederation has not been a number's game. If the region of Canada had been required to qualify in terms of square miles or population, several of the Premiers would not be here today.

You have talked about the need to strengthen the economies of your regions of the country. You have talked about exploiting new technologies, about international competitiveness and the need for federal and provincial policies that are attuned to the regional realities facing us all. Let me illustrate our relevance with one example that is as dramatic and vital as any that has been mentioned. Yukon is in an economic crisis. One of every seven Yukoners is unemployed. In 1980 mineral shipments valued at nearly \$360 million left the Territory, most of it to Pacific rim destination -- a handsome contribution to Canadian trade. Then our largest mine ran into troubles. Mr. Chairman, we in Yukon applaud your government's determination to rationalize the foreign investment guidelines.

Now to turn to the future. I appeal to you all, particularly to you, Mr. Prime Minister, to rekindle Mr. Diefenbaker's vision and adapt it to the eighties. The recent barren years have proven that political will is essential in Yukon. Are we going to give up our future? Are we going to say to young Canadians there is no future for you in Yukon? Forget the spirit that built all of the provinces represented here today and settle in the developed south. Of course we aren't but if we truly believe that then we must face certain realities. We must find a way out of the debilitating deadlock over Indian land claims. We must encourage natives and non-natives to work together for our mutual economic benefit. We must consider appropriate infrastructure, primarily transportation and power for industries and businesses and how we are going to provide it. We must have major policy changes in the way hydro facilities are planned, developed and paid for. This is critical to Yukon's long-term economic success and to ensuring that Canada can take full advantage of Yukon's resource potential. For years a comprehensive power policy has been lost without a trace in the federal bureaucracy. At this very moment, the National Energy Board is hearing an application for huge increase more than 100 per cent in some cases, in Yukon power rates. The vast federal regulatory regime must be rationalized so that industry can live without constant uncertainty and harassment. Taxation incentives should encourage rather than discourage Yukon residents and business.

But, Mr. Chairman, in our haste to compete in the world of new technology, we should not weaken Canada's traditional industries. They must sustain us for many years to come. By all means, let us apply the new technologies to improving competitiveness and developing new markets. Yukon would benefit greatly if we did so.

This conference is a demonstration -- demonstrating a refreshing willingness to forge a new partnership for our country's economic renewal. I am here because the Yukon wants into Confederation. Yukon is determined to join the partnership. We have demonstrated that determination in the last two territorial elections. Our people are small in number, but large in spirit, aspiration and determination.

I am confident that my successors will return to this table and to all the tables of our federalism. They will earn their right to participate fully and effectively.

Mr. Prime Minister, I want to thank you and the Premiers for affording me this historic opportunity to voice some of Northern Canada's concerns.

Thank you very much.

THE CHAIRMAN: Thank you, Mr. Pearson.

Mr. Nerysoo.

HON. RICHARD NERYSOO (Government Leader, Northwest Territories): Thank you, Mr. Chairman.

It is a privilege to be here and certainly my privilege to represent the people of the Northwest Territories at this important and historical conference.

I thank you, Mr. Prime Minister, for giving me the opportunity to speak on the issue of regional economic development, based on the strengths of each region. This issue is, of course, of importance on any conference on the economy, of course recognizing the vastness and diversity of our country it assumes critical importance.

Mr. Prime Minister, I also applaud your

initiative to hold this conference away from the capital and I am particularly pleased that it is being held in Regina, which as you know was at one time the capital of the Northwest Territories.

Our limited participation at this conference is for us a step in the right direction and as one of your colleagues said yesterday, "A step is getting halfway there." We look forward to achieving the other half some time in the near future.

Our participation on the issue of regional economic development opportunities is, I would suggest, very appropriate for as a region the Northwest Territories represents one-third of the land mass of Canada. The late Hon. John Diefenbaker had the wisdom and the vision to recognize this 20 years ago. He did a great deal to remove the mystery about the north and awakened in southern Canadians a desire to learn more about their fellow Canadians and the north.

Mr. Chairman, you and your government have kindled a new flame in this country. You have generated a spirit of goodwill and mutual respect which has created an atmosphere within great strides can be taken on the economic front.

Due to the nature of our country, any such steps that you and your colleagues take must take into account the particular needs of all regions of Canada so that no one region benefits to the detriment of the other. This necessarily means that there is to be recognition and accommodation made for those regional needs so that all regions of Canada can prosper. I

believe that this is possible in today's climate and, therefore, this conference will be extremely beneficial.

The Northwest Territories, like every region in Canada, enjoys its own uniqueness. It is the only part of Canada where the aboriginal people are in the majority, which is reflected in the Northwest Territories Legislative Assembly. The Northwest Territories relies very heavily on the traditional lifestyles, yet it employs some of the latest technology with regard to extracting, exploring for hydrocarbons from the sea, from the riverbed and under the ice. As a government we have the responsibility to balance these extremes. We cannot and will not destroy the traditional way of life simply to accommodate technology. We believe that the two can co-exist and co-exist very well if the government is able to ensure that each sector can grow and thrive without intrusion from the other.

Mr. Chairman, I must say that during the recent recession that the Northwest Territories prospered. We did not have the serious economic problems that other jurisdictions did. In fact, we were opening mines, we had more exploration than at any time in the history of the Northwest Territories. There were new claims made with regard to minerals. We were building a pipeline of which many people in this country were employed. We want to continue to participate in the economic development of this country and we wish to be recognized as having a role to play in the economic well-being of this country and without question we will help the country develop, we will help this country improve its economic stability,

its economic role in the world.

I do say, Mr. Chairman, that there is a need to continue to ensure incentives for northern petroleum oil and gas development.

There is a need to recognize the role of the mining industry which has been so important to the Northwest Territories. I must say that the aboriginal people are now participating in all elements of mineral, oil and gas development and I say to you that that is something that we have all dreamed about and certainly I have been fortunate to see the growth, the economic growth of the aboriginal people who through their institutions, the development corporations have been able to participate in the oil and gas development and now community development corporations that wish to participate in the mining development area. For that I think we should all be very pleased. I do say I wish to raise one other particular item, Mr. Chairman, and that has to do with the area of renewable resource development.

What has unfortunately happened in this country is that we have a renewable resource industry which is under severe pressure from groups that have been set up internationally and nationally in this country and I say this with regard to our trapping industry. It is unfortunate that the kind of portrayal in the public debate that has occurred with regard to that has been one that I feel has been unfounded and unnecessary.

Approximately 65 per cent of the population of the Northwest Territories still rely heavily on the trapping industry in the Northwest Territories and in 1983 the standards or census we have received only approximately \$3 million as a result of selling our furs but that industry is far more important than just the id of trapping itself. There was a report done by your government which said, which indicated that \$75 million would be required to supplement the meat and the fish that was taken by these people off the land and I do not believe that we can afford to

suggest to these people that they will in fact find the support of government to maintain that type of meat supplement. That is impossible. I believe, more importantly, that this country should take a position of improving the image of the fur industry in the world and even within the country of Canada because I am speaking from a regional perspective, but the realities of trapping and the fur industry in this country affect far more than the Northwest Territories. It affects the northern provinces, it affects the fur industry with regard to tanning, with regard to those people that are employed in selling fur garments. So it is not something that is only associated with the Northwest Territories and I say to you it is a small business that is very important, that is of value and of importance to all regions of this country. Therefore, while I worry from a regional perspective, I also worry about the effects that any kind of significant change in the attitudes of people in this country might have in all parts of this country.

Mr. Prime Minister, again I thank you. I thank you in allowing me the opportunity to, I guess, establish another historical point in the history of the Northwest Territories. We have never been a part of this First Ministers' Conference on the economy and this is the first time the Northwest Territories has ever had an opportunity to speak. I thank all the members here for giving me this particular opportunity. I know it is difficult in the sense of trying to associate the Northwest Territories and the government at the same level of all provincial governments, yet to hear what we have to say and to hear the concerns we have

there is no doubt, Mr. Prime Minister, that we have a number of issues that we wish to raise with you. I do want to say that there is an important element in education. Members raised it yesterday and I do say that there is an important issue particularly in the Northwest Territories. Again I go back to the 1981 census that indicated the general public of the Northwest Territories had a situation where 33 per cent of the population had an education of up to grade 3. Sixty-two per cent of the population had an education up to grade 8 and with all the new technology, new developments that are occurring in the north now we are struggling in our attempt to education the people of the north to participate in those developments that are occurring and hopefully not at the detriment of other people in this country but to ensure that any future developments that occur will include the people of the Northwest Territories. I think that we have worked and are working for post-secondary institutions and hopefully with your help, since I have known of your own interest in supporting post-secondary institutions in this country, your own private interest, I hope that your government and you yourself, Mr. Prime Minister, will get involved in ensuring that there are post-secondary institutions in the Northwest Territories that will provide the education, the training that is required so that we in the Northwest Territories can participate fully in any economic developments that will occur and any economic growth that occurs in this country. Again, I thank you. I just wanted to say that a year ago I was the youngest person here. I am glad that Mr. Miller who is now the Premier of Ontario is somewhat younger than I am, only on the basis of

being a government leader and certainly not with regard to age. However, again I thank you and really would like to say to you that I appreciated the opportunity to speak to my government leader colleagues and the Premiers and to you, Mr. Prime Minister, and certainly to the government and the people of this country. Thank you very much.

THE CHAIRMAN Well, Richard, we thank you for taking the time to be with us today. The First Ministers and I very much wanted to hear you at this conference. I think that your message was listened to I know with sympathy and with a great deal of understanding and you could not have come from a region such as mine for example without being aware of both the north and the problems of isolation that go with it, the great problems and the great promise of northern Canada and we thank you for bringing that to our attention.

Il y a du monde ici pas loin de moi, et moi-même, qui connaissons très bien les problèmes du nord. On connaît également les problèmes des régions nordiques, des régions éloignées. C'est un problème tant au niveau provincial qu'au niveau d'un état fédéral également et je peux vous dire, collègues, comme parlant personnellement, je connais du monde de ma ville natale de Baie Comeau qui, effectivement il y a à peine 40 ans, ont déblayé un nouveau pays sur la côte nord et qui étaient effectivement des pionniers. Ils voulaient à mon sens faire exactement la même chose dans le nord.

So we welcome you as friends and we assure you of our understanding and our support and our good wishes. So thank you very much for being with us. Thank you, Richard. Unless Premier Miller wants to respond to that violent attack we will move to Premier Bennett.

HON. WILLIAM R. BENNETT: (Premier, British Columbia) Thank you very much, Prime Minister. The topic is regional economic development and it is one that I feel positive on. It is an area that if not handled in a positive way would sound like a fight over funds when in fact the main thrust of it is to build on our strengths and the strength of our country are varied, but in our part of the country, one of the most important things we can do on a regional basis that helps not only our province but the rest of the country is the development of our transportation and port system. Obviously if Canada is to trade nationally we have to have the means to get our product to market and to get it efficiently and reliably and affordably to markets abroad. British Columbia then appreciates the co-operation we have had with the federal government in developing our ports. We look for continued upgrading of our transportation system, primarily railways, in capacity. If we are to meet our industrial and economic objectives that capacity must be there on time in order to ship Canadian goods both in bulk and in processed form.

This year we will be opening on Ridley Island one of the accomplishments that helps all of our

western provinces and that is the grain terminal at Ridley Island. It is of importance to not only the three provinces that people associate with grain, Manitoba, Saskatchewan and Alberta but the grain-growing area of British Columbia as well. That took a lot of co-operation and I think we should mention now that the Alberta government, in large part, provided financing which in that way is sort of that co-operation that accomplishes great projects.

Secondly, one of the major items of co-operation that comes under regional development is programs developed co-operatively under ERDA. These programs are important because they again allow us together to set objectives on key industries and to preserve some existing ones. Agriculture, Prime Minister, is important not just to the Prairie provinces and the west but to British Columbia in particular. We have a varied agricultural industry that needs the attention of both federal and provincial governments and therefore agriculture is a priority under ERDA along with mineral development and industrial development and our forestry which is an industry undergoing great structural change not only in British Columbia, but around the world and one in which the co-operation we have had in the past must be continued. I would like to report that we have successfully concluded an agreement today, but I can't but I can say that we have had very, very good discussions with the minister, Mr. Stevens and we appreciate the support that he has given in trying to find ways in which we can conclude the developments of these necessary programs. I also would suggest that in federal initiatives under IRDP that there should be a provincial consultation. That complaint has been raised by other

Premiers. Obviously economic objectives that were provincial in nature were not met the way this program was both implemented and administered. There are a number of areas in which given the commitments under IRDP could go a long way to building the industry and providing the jobs that this conference is seeking. I know the Minister, Mr. Stevens, has consulted on this but I would want to make that point very strongly here today.

Now there are other regional developments that don't come under either ERDA or IRDP but are part of other commitments, past commitments that are important to British Columbia but part of a national strategy. I have to mention here one project long committed, well studied that has not yet been undertaken but is of great importance and that is the Vancouver Island gas pipeline. This gas pipeline has gone through all of the public hearings but it does fit into Canada's national strategy of lessening our dependency on foreign imported oil. It does fit into our strategy of moving Canadian energy to Canadian markets .

At a time when gas markets abroad for both Alberta and British Columbia have been very difficult in the U.S. and at a time when we are still exploring and trying to find offshore markets for gas it is most logical that we concentrate on domestic markets where it not only will provide a market for the gas, restore some of the confidence into the petroleum industry, but it will provide a reliable Canadian fuel for industrial expansion in a key area of this country and that is on Vancouver Island, a large part of British Columbia. This project has I know the support of the Minister of Energy from British Columbia and I appreciate that. She has been very supportive and I must thank her for her constant support and I know as well, Prime Minister, having read many times the outline of your policies contained in your "Red Barn" speech that you too have this as part of your policy for this country and I was pleased that you outlined it before you became government and now I know that we can concentrate on early implementation.

THE CHAIRMAN: Could you identify that speech a little more eloquently?

HON. WILLIAM BENNETT: As well, on regional development I must reiterate again what I think would be an ideal Canadian strategy and that is a strategy of special economic zones in which this country can concentrate in areas to take advantage of geographic markets, the new geography.

The east coast and the west coast of our country have not always been able to participate and quite logically because of the geographic positions as manufacturing,

processing or industrial areas, because they have small domestic markets, therefore, they cannot participate as fully in the Canadian consumer market for the many goods that logically are developed at the centre, but there is a new geography developing in this world and that is the international geography of trade. We have the traditional and stable market of the European economic community, to the south we have the eastern U.S. and to take full advantage of that market I believe that on the east coast of our country consideration should be taken to implement special economic zones as an added tool to create employment, to create economic value and to earn international dollars into this country, because we don't just have to borrow money or attract it through interest rates as we have talked about. If we earn money abroad that will do more than anything to resolve a lot of the monetary concerns that the Premiers have expressed around this table.

I urge as well that we take advantage of the new, growing, dynamic Pacific rim market. It is perhaps the most exciting market development growth in the world today. The emerging nations and also the developed nations of Japan, the developing nation industrially very strongly of Korea and the new opportunities with China and Southeast Asia provide a unique opportunity for this country. We have a very unique position to take advantage of industry and trade. We have a unique opportunity to do it with special economic zones, as well as our traditional economic and industrial development. We can do it. We see even China, a unique way with 18 special economic

zones, a country that is moving swiftly to take advantage of unique ways to tap international trade.

I would suggest to you, Prime Minister, that this additional tool, this additional opportunity to create industry, to create jobs to develop trade is an important part of the regional development that is stressed in the programs already administered by your government, already encouraging development and I would urge all of these points be continued, all of these programs be continued with special emphasis on new ways to provide jobs in this country.

Thank you.

THE CHAIRMAN: Thank you, Mr. Premier.
Could we go to Premier Miller, please?

HON. FRANK MILLER (Premier, Ontario):

Thank you.

Mr. Prime Minister, Ontario is pleased that the regional economic development program process has been renewed, revitalized and we are particularly pleased that you are willing to consult with the provinces as you have been doing. The fact that this item was on the Economic Development Minister's agenda last month shows that the federal government is serious.

I think it is assumed that Ontario is not interested in this kind of program. That is not true, because Ontario also has strengths and weaknesses. We have large parts of the province which are quite underdeveloped or have economic difficulties, the north and the east of the province in particular. We have resource industry, single industry towns which suffer as much as anywhere in Canada do, so obviously we understand

and support the needs for this kind of program.

I was particularly pleased when Alberta, followed by a number of other provinces brought up agriculture. Ontario is not thought of as an agriculture province, yet it might surprise some of our listeners at least to know that the greatest value of agricultural output is in Ontario in the whole country. It is our number one industry in terms of food and food processing, our number one industry. So that recognizing the great difficulties of the producers of foods, the fact that the consumer in Canada probably has a lower percentage of disposable income required for food than anywhere in the world, the efficiencies of the industry and the problems they face, it is very difficult to have an economic development conference without discussing the problems of the producers of food in this country. So I was very happy to see a number of provinces support that point of view and Ontario does too. I just want you to know that.

I have to say I was very touched by the comments made by our friends from the Northwest Territories today. I am sure our viewers were too. They were full of hope and expectation. It was so nice to hear that the resource industries are using the aboriginal peoples, that they are fully involved in the process. That is something that has been an objective I am sure of governments for years and to see that degree of success or hear it repeated here certainly made me feel that there is certainly hope and these endeavours deserve a lot more attention from all of us at all levels across the country.

We are hoping, having signed a couple of the

ERDA agreements with you that you just might have a few more for Ontario. Agriculture and minerals would be specifically those we would put priority on. Please don't ignore us in the process to sign them in other provinces, Mr. Prime Minister. We look forward to those two particularly critical areas, because they do touch those regions of Ontario which are in the greatest economic need.

We simply thank you for renewing the process. We look forward to a number of measures that will help, not quite within the economic development, but tripartite stabilization abri-bond programs, we have had co-operation from the west in that discussion. We think all of those parts will lead toward reinforcing the economy of parts of the country which are not always as well -- as great a participant in the growth of our economy as others and that is what this program is all about, so thank you.

THE CHAIRMAN: Thank you, Mr. Premier.

I always get reminded quite properly of the value and percentage I think of total agricultural exports vis-a-vis Ontario and I think the number is 35 per cent, so I will mention that, because it is important and I thank the Premier, as Premier Lougheed did yesterday, for raising the question of agriculture. I thank you for bringing that to our attention as well.

Premier Lee, speaking of agriculture.

HON. JAMES LEE (Premier, Prince Edward Island): Thank you, Mr. Prime Minister.

The subject that we are addressing this morning, colleagues, that of regional economic expansion

certainly as an eastern Premier in my mind is very vital to this conference that we are here in Regina on. It is impossible I feel to discuss economic prospects for Canada without really addressing the regional differences and the regional development of Canada and I am pleased, Mr. Prime Minister, that you recognize the regional differences that exist and have committed in your discussions over the past two days your government to address some of these issues with us.

I am pleased as well that my colleagues agreed to place this item on the agenda, because I believe that a sincere approach to and a genuine sensitivity for the regional differences of Canada is a key to the growth and the development of all regions of this great country. I endorse the comments of my fellow Premiers with respect to approaching the matter of regional economic development from an evaluation of our strengths as we talked about at Meech Lake, that is a positive approach and that is the way it should be perceived and it is essential that this topic be approached in this positive manner.

In my province our strengths are found upon our resource industries, that of agriculture, fisheries and tourism and the hard work and the dedication put into it and I too, Mr. Prime Minister, am very pleased, coming from a rural province, that a number of our colleagues, Mr. Lougheed and the Premier of Ontario and others have addressed agriculture in their discussions, because it is very important to all of us.

The long-term viability of agriculture,

fisheries and tourism of Prince Edward Island will in my mind determine the long-term prospects for the economy of my province.

I fully endorse the nine principles agreed upon by our development Ministers and I certainly do want to congratulate them for their efforts and continuation to deal with them. I fully support the objectives of my fellow Premiers and point out that those principles can lead to a solution to the most pressing development needs of my province.

It is no surprise to the Prime Minister nor to most of us around this table that my province views energy cost and transportation as essential elements to be addressed under this topic of regional development.

Mr. Prime Minister, you will no doubt be glad to know that I too read your speeches, as Alberta and Quebec and B.C. and that famous "Red Barn" speech which I must get a copy of and I want to recognize and compliment you, sir, for your commitment to assisting my province in solving its energy problem. When you spoke in Charlottetown you demonstrated to me a clear understanding of the problem and I know that you have done much to get us rolling towards a much needed solution to this problem.

I must also note that you have shown at this conference a great deal of sensitivity and understanding for the needs and concerns of all provinces and of all regions. It is something that I and I am sure my fellow Premiers find very pleasing and refreshing. Economical energy and continuous transportation systems are the foundation of our resource-based industries in my province and vital to the fostering of new growth. I know that if we can help solve those two problems that I identified these industries will take upon the challenge of creating the new jobs and the new challenges that we look forward to.

Our most vital transportation link is our ferry system. May I remind you, Mr. Prime Minister, that this is a transportation link guaranteed to us when we entered confederation in 1873. We see it as part of the TransCanada Highway system. What happens with this ferry system has a direct impact on all aspects of Prince Edward Island's life. We must try to provide that system at a cost which is economical and does not seriously hamper the competitive ability of island industries. At the present time there are negotiations on the issue of substantial increases on rates of the ferry services. My province sees the ferry service as playing a major role in regional development as far as Prince Edward Island is concerned. We see the need for a special case and I am confident that you, Mr. Prime Minister, and your Cabinet colleagues understand the importance of the ferry system and the ferry link to my province. It is more than a service; it is a vital service. One cannot attract investment as we have talked about over the past couple of

days and new industries if the cost of that transportation of those goods to market is beyond the ability to pay of the type of businesses that we need.

Recent proposals for the payment of federal inspection fees by farmers in Canada will also have a serious impact on the potato producers of my province which we are so well known for around the world. It is an example of a federal policy that if implemented would fly in the face of other efforts to address regional development.

Mr. Prime Minister, I raise these points because I believe they underscore a point made by my colleagues yesterday. Regional sensitivity must be evident in all departments of the federal government. The overall approach to regional development must be co-ordinated. It is counter-productive, we feel, to have substantial commitments to development by a region by one department if the action of another department subtracts from that overall effort. The provinces and the federal government can work together. The proceedings here at this conference I think demonstrated very admirably yesterday what we can do beyond any doubts. I am confident that we can work together to solve regional problems and that those problems can be addressed without taking away from the objectives of the nation as a whole.

It has long been proven that our island producers, mainly our farmers and our fishermen, but also small business people, are highly productive and very efficient. They are on a par, we feel, with other Canadian producers and in fact I contend that they have to be a little bit ahead of their fellow Canadians to survive. They must

contend with structural inequities which are beyond their controls, which are beyond the control of my province. They require the understanding and the assistance of the federal government and I know that assistance will be forthcoming, Mr. Prime Minister. To offer that assistance is to contribute to the health overall of Canada.

It is little wonder that I share the concerns of other Premiers and the federal government an interest rates. When you understand the impact of factors such as high energy costs and transportation costs, you can understand why industries in my province are so sensitive to interest rates. They are already using profits and cutting corners to cushion them against electricity costs and transportation costs. Upward movement in interest rates can very well be the straw that breaks their back. Interest rates impact on every province and every government and every citizen of Canada, but it must be fully understood that they impact more quickly and more hardly on some special sectors of the regions of Canada. The maintenance of a family farm is essential to the growth and health of rural communities of our province. It is often they rather than the larger centres that suffer the most from changes in regional development policies or a lack of sensitivity to their best interests. Just as the provinces and the federal government, Mr. Prime Minister, must work together for the future of Canada, provinces must work with municipalities as well to generate growth. I am pleased today to have a representative from the Prince Edward Island Federation of Municipalities here with me, Mr. John MacLean as part of the Prince Edward Island delegation to show

our continued effort and co-operation in working with them. Mr. Prime Minister, fellow Premiers, I will be tabling today for your consideration, my province's comprehensive statement on regional economic development. I ask for your careful consideration of the objectives I have set forth in this paper. I feel you will be impressed by the degree of common ground we all share in this important issue.

In concluding, Mr. Prime Minister, I must congratulate you on the openness and readiness to work with the provinces by the new federal government, your willingness to put your concerns on the agenda and to work with us in addressing those concerns is very encouraging. Working together we can do much. Co-operating will be and has always been the key. Success of regional development is a door to be unlocked. For that we will need to have your help and the help of all provinces and all levels of government. Through co-operation with a clear sensitivity for our national strength and disadvantages may we go forward from this table, from this conference with a resolve to finalize a long-term solution to the problems of regional economic development. I know the people of my province join with me in looking optimistically to the future and to the benefits of this co-operation that we have talked about and which we have launched out on.

Mr. Prime Minister, before I conclude I would like to say that yesterday I tabled a resolution for the consideration of the conference dealing with the United Nations Decade of Women and hopefully before the conference concludes if it is the wish of the conference maybe we could

have a discussion on that resolution. Thank you.

THE CHAIRMAN: Thank you, Mr. Premier.
Premier Devine.

HON. G. DEVINE (Premier, Saskatchewan):
Thank you, Mr. Prime Minister. I was going to throw out a question to the Prime Minister and the question was this: I want to know how this conversation that we are having with respect to regional development based on our strengths would be any different than it was ten years ago. I throw that out because I think it is important that we do decide on things differently than they were decided ten years ago. Because one thing is different for sure, your advising us that you have a \$35 billion deficit so you don't have an awful lot of money compared to what you had ten years ago and we are all sort of in the same boat.

THE CHAIRMAN: May I correct that?
We have no money.

HON. G. DEVINE: You have no money and you are a \$1 billion short from yesterday.

THE CHAIRMAN: Right.

HON. G. DEVINE: My question is this, sir: if we are going to have real economic development, then we are going to have to be serious about picking our strengths and I want to throw out just a couple of very brief arguments. We have a great affinity in Saskatchewan for the Maritimes. We get along well with them. In fact when Premier Peckford was travelling across Canada fighting hard for resource control for his province he got as much endorsement here as he would any place and I am sure in the neighbouring provinces here, but

the question comes back to this: we are going to have to choose the kinds of things that we are good at and then put our money on those. I don't think this conference wants to break down into something that says we are sitting here carving up the pie as opposed to how we can build the pie bigger and to build it bigger means that we are going to have to grow. From my experience in Saskatchewan I will give you a couple of examples. Growth is nothing more than a series of adjustments. You have to adjust if you are in agriculture, you have to adjust if you are in mining and so forth. So it seems to me that we have three categories that we have to identify when we are looking at regional strengths. The first category is where it is complementary. What is good for you is good for me and I throw out the ones, Bill mentioned it and others did, ports and harbour facilities, ferries, terminals elevators, railroads, those kinds of things are good for people who have access to the sea but they are also good for me. If the federal government is going to change where it is going to spend its money it seems to me it would be good to spend more in the Maritimes or more on the west coast because it is good for the whole country and particularly in terms of an international trade market. It is complementary. It doesn't hurt me. It is good for the works.

The second in areas where we are not competitive, so if you are going to look at things like off-shore energy I am not going to compete with that or fishing or tourism on the west coast or in terms of the Maritimes. You can spend money in there and it doesn't attract a thing

that might be taking place here in western Canada.

Now there is a third area, that is where we compete and I throw this out to my Maritime friends. When we are talking about, I will put it in terms of four "p's" pulp, potash, paper and pork. Okay? On those four who should get the subsidy? That is a good question. Here in Saskatchewan for example we have 65 million acres of farmland, almost half of the agricultural area of the country and another 35 million acres of forestry. That is 100 million acres that is very active in the middle of the continent and it is productive, but we are a long way from Vancouver and a long way from the Lakehead. So the question is if we are in the pulp business and the pork business and the agriculture business and the potash business as is New Brunswick or the paper business, then you have a pretty big decision to make when you are looking at these competitive resources interregionally. It seems to me if we are going to make decisions on that latter category where we compete against each other then we should become involved. I am all for regional development if we are prepared to make choices and say "That is where I am strong and that is where I can eventually go for it internationally and I will hold my head up." Let me give you some examples about adjustment. People on the Prairies both from Alberta and Manitoba would understand this and certainly your colleagues like Bill McKnight and Len Gustafson will as well, sixty years ago, sir, when you were harvesting grain in Saskatchewan you could harvest about 100 to 200 bushels a day. Today one man can do 1000 bushels per hour. That is adjustment.

That kind of economic adjustment is taking place on the Prairies of Canada faster and more rapidly than anywhere else I know of in the world and I share this with my European friends in the economic community and we will get into this when we talk about trade, because I said I haven't seen that kind of adjustment in Europe and frankly I haven't seen it in some parts of Canada or other parts of Canada as well.

Similarly, we had one man per 160 acres and now we have one man per thousand acres and that has been rapid adjustment.

If some regions are prepared to see growth because they will adjust, then I think they warrant some consideration with respect to economic development or expenditures when they come into transportation or various other kinds of things. So I leave you with that, that if we are going to be spending money on the extremities of this country we have three categories and I think it is fair ball that where we compete with each other at least that I or my officials or somebody else could be involved in the conversation when we decide to put money into potash in the Maritimes or into agriculture some place else or into pulp and paper in a particular region when I produce those as well and people in Saskatchewan do.

Now, the other areas that are complementary I don't see any problem. Where they are not even competitive I don't see a problem, but if we are to make a significant difference, different than it was ten years ago or 20 years ago, because we haven't been all that

successful, then I think we are going to have to make these kinds of choices. Some of the choices will take time. We will have to have money and there will have to be transition and so forth, but for our people in Saskatchewan when we compete on that international market, particularly in agriculture, I say that they have made tremendous adjustments and they are prepared to adjust more, but they want to make sure that when we do put our money on the table it is for things that we can benefit as well as others.

THE CHAIRMAN: Thank you, Mr. Premier and colleagues. Thank you very much. The regional economic development item on our agenda I think fits -- and the very apropos and timely comments of the Premier of Saskatchewan is a natural tie-in to the next and final item on the agenda which is trade.

Before we do, I would just like, if I may, in concluding this chapter of our discussions, just make a few comments with regard to it being understood that our officials are meeting and have been meeting with an attempt to tie together the ideas and recommendations emanating from each section of our discussions and we will see at lunch the extent to which these pieces of paper as they summarize discussions and recommendations are acceptable to the First Ministers.

I think that in this area and I want to pay a tribute to Sinc Stevens and I know you would want me to because he has worked very closely with the provincial governments in trying to set out a new agenda and I think with his colleagues he has already accomplished quite a

few things. Three economic and regional development agreements have been put in place with Ontario, Mr. Premier, and Quebec, Mr. Johnson and Mr. Stevens spent a great deal of time negotiating and in some ways I think it is an historic and good arrangement for both levels of government, and British Columbia, some important agreements there on the regional economic development side. Now we have all ten provinces included in the scope of the ERDA thrust and are now moving into other areas.

Thirteen subsidiary agreements have been signed since we took office and these agreements will promote jobs and investment in sectors like communications and forestry, tourism and high tech and manufacturing, industrial development generally with a particular emphasis, as Mr. Hatfield has said, in the have-not or slower-growth regions of the country.

We are working right now with the government of British Columbia and Newfoundland on new agreements as we speak. The federal government, I hope in any case, has tried to demonstrate its sensitivity to the regional impact of its decisions and the provinces have shown concern for the effects of their policies on other jurisdictions which will now come into play as we discuss trade.

We are determined to harmonize policies and programs of the two orders of government. In addition to the measures I outlined in remarks yesterday, I think there are other examples that we have already started to discuss and work on that form a basis for more serious and

perhaps more durable sense of co-operation in this area.

Mr. Stevens is discussing with your Ministers ways to simplify and rationalize the industrial and regional development program and indeed we would like to discuss the devolution of aspects of this program to the provinces and I know that that thought has met with some interest.

I think if we do and we are able to do it it will make it easier for entrepreneurs to do business directly with the government. We talked about the entrepreneurial spirit that has almost been extinguished in this country. It certainly got the kiss of death in the budget of '81 and one of the things we can do to cause its re-emergence is I think to place the notion of government in direct contact with the entrepreneur where he can take advantage of it for the creation of jobs.

Provincial governments have been invited to co-operate as well in the development of our '85-86 annual procurement plan and strategy. We are committed to securing an energy pricing and fiscal regime to stimulate western oil and gas development and to meet the needs of energy consumers. Agreements have been signed with six provinces to co-ordinate the impact of the \$60 billion procurement budget of the federal and provincial governments.

Nos ministres chargés du développement économique nous ont également demandé de les appuyer dans leur intention de se réunir régulièrement afin de faire avancer les choses.

Je suis particulièrement impressionné par l'ordre du jour qu'ils ont dressé pour leur première rencontre qui aura lieu à la fin du mois de mars. Des nouvelles orientations de la politique du développement régional, la livraison plus efficace de programmes à l'entreprise, le rôle des PME dans le développement régional et, ceci, à la demande de plusieurs provinces mais surtout le Québec où la PME joue un rôle spécial comme moteur de relance économique et je pense que ce n'est pas là l'ordre du jour d'un simple palabre, c'est un désir assez limpide à faire avancer sérieusement des dossiers complexes.

So I want to thank Mr. Stevens and all his colleagues and wish them well in that March meeting. I think it is particularly important as we tie it in to the next item on our agenda. So unless there are any colleagues who would like to say a final word on regional economic expansion, we will now move to the final item of discussion.

To federal politics I am pleased to introduce the Hon. Jim Kelleher from Sault Ste. Marie and the Hon. André Bissonnette from St. Jean, Quebec, Minister of Small Business and who have been working closely together with many of our colleagues.

The fourth item on our agenda, international trade. I think we all made it pretty clear yesterday and again today that the number one priority for all of us is jobs for Canadians. There is no more direct way to create jobs than by selling and that means selling in all world markets. I think facts and figures tell us the story in this area and I am tabling for our collective information a document prepared by way of background by the Minister of International Trade, Mr. Kelleher, but I would like to take a few moments to highlight its main points.

Trade is more important to Canada than to most industrialized countries. I mentioned yesterday the fact that I will be going to the Bonn Summit. Let's compare ourselves to the other six countries who are going to be sitting around that table in May. Canada's share of exports relative to gross domestic product is exceeded only by West Germany. In 1984 we exported well

over \$4,000 per Canadian. Trade means jobs. For every extra \$1 billion in exports we create 16,000 direct jobs. Recapturing even one-half of one per cent of our share of world exports could create 160,000 jobs and anybody who thinks that this is a tremendous challenge, to go out and recapture that share of trade -- the word "recapture" is important because we used to have it. We used to have more than this and I think we would all be pleased if we were to recapture say that percentage point and then some that we have lost since 1968 and you can imagine what 300,000 new jobs would do to our unemployment rolls tomorrow.

So this is not some unobtainable, mythical objective we are shooting at. This is something we have already done as a country, which we lost because of our anemic productivity. Since the end of the First World War we used to increase our productivity at the rate of two-and-a-half per cent a year, every year, good years and bad to 1970. In 1970 our productivity came to a dead halt and from 1970 for the last decade we have been in a free fall and we know where we rank in productivity and that is what someone once observed, you know, productivity is important because it is the only thing that creates new wealth and it is the only thing that a nation can sell. So I think it is important that when we look at the tremendous challenges of international trade that we recognize that this is not the new Jerusalem for us. We have already been there. We have just lost our way and now we are trying to find our way back, because that trade means the kinds of jobs across the country and we

cannot have the trade without the productivity. We can't have the productivity without the degree of co-operation and trust that we are building here and we then must build with the private sector and with trade unions. The enhancement of productivity is clearly our most serious industrial challenge, the one that requires --

I notice that some people were taking a few potshots at us because we are getting along. I suppose it is against the constitution to get along. You know, we are not supposed to do this. You are not supposed to reach out to labour and you are not supposed to deal apparently in the minds of some people on a friendly basis with trade unions or with the provinces. I suppose that some people think that a constant state of hostility is a natural way of life. Well, to the extent that it is it has taken our world trade share into a free-fall position and our productivity has declined, our competitiveness has been and we have lost jobs. We have lost hundreds of thousands of jobs because we have lost our capacity to compete effectively in the international trading market and that is what happens when -- and I know that it offends the sense of theatre of some people who I think are pretty dismayed and who had wished for a good free-for-all around this table and other tables today and I know that they will be even more dismayed when we meet in a national economic conference with labour and consumers and with provincial representation as well next March and probably will be deeply offensive when I meet with President Reagan in Quebec City and very shocked when they find Premier Levesque there and so on, but that is what it is about. It is about getting along.

HON. RENE LEVESQUE: Not too close!

THE CHAIRMAN: Will you settle for the same room?

MR. LEVESQUE: At the other end.

THE CHAIRMAN:

So this is what we are trying to do and we are not trying to do it because it is an abstract notion of a desirable state of mind. We are trying to do it because it is a condition precedent to the creation of jobs. This has nothing to do with the idea per se. It has everything to do with the creation of jobs for unemployed Canadians and we know we can do it because it was done before. We had that share of markets before and I think that is what we are trying to do today. The world trading environment we all know is changing and changing rapidly. We used to think that we were secure. The rest of the world wanted our resources and our manufactured goods. This could go on forever, but it didn't go on forever and now our mature manufacturing industries face aggressive competitors like Japan and other countries that don't get as much attention like Korea and Taiwan and Brazil. Our trading resources are challenged by developing countries. Our traditional markets are being revolutionized by technological change. Some of our natural resources face stiff competition from substitutes. Technological innovation modifies products and production techniques and they give a competitive advantage to the countries with the newest technologies. Our performance in manufactured exports is not encouraging. Why are our market shares slipping in both total exports and manufactured exports? I think the answer -- there can only be one answer -- there are not half a dozen floating around here. It is because our productivity is not growing fast enough. During the past dozen years we were fifth among seven summit countries

in manufacturing productivity growth, but I am an optimist about most things, colleagues, and I guarantee you that I am an optimist about Canada. We don't think that we have to mourn the "what ifs" and wring our hands too much anyway over numbers of gloom. I think we should take inspiration from some of the high productivity growth countries like Japan and rise to some of these challenges. To succeed in trade, I think we have got to learn to do three things well. We have got to be competitive, have a good product at a good price. We have to have secure access to our key markets and we have got to learn to be good sales people ourselves. We have got to be good salesmen and there is nothing pejorative in that.

Premièrement, nous devons prendre les mesures nécessaires pour rendre le Canada plus compétitif. Voilà pourquoi au cours de nos discussions sur les trois autres sujets à l'ordre du jour, nous sommes convenus de travailler de concert afin d'éliminer les obstacles à la croissance.

Ensemble, nous allons améliorer la formation de notre main d'oeuvre pour la rendre plus productive. Ensemble, nous chercherons à réaliser le potentiel de développement de toutes les régions du pays, comme nous venons d'en discuter.

Voilà comment nous pourrions renverser les tendances constatées tout à l'heure.

Deuxièmement, le gouvernement fédéral entend explorer toutes les voies pouvant assurer et raffermir la place du Canada sur les marchés mondiaux.

Nous devons déployer des efforts incessants pour relancer la libéralisation des échanges internationaux. Le Canada courerait de grands risques si cette tendance était renversée.

Vu la taille restreinte de son marché intérieur, comme le mentionnait hier le premier ministre du Québec, l'exportation est donc la clef de notre croissance.

Il y a quelques semaines, monsieur Kelleher publiait un document de réflexions invitant tous les canadiens à proposer des moyens de garantir et d'améliorer notre accès au marché.

Nous allons solliciter aussi, il va sans dire, les vues des gouvernements provinciaux sur ces questions.

Le Canada est fortement en faveur d'une nouvelle série de négociations commerciales multilatérales. Monsieur Kelleher rentre, il y a quelques jours, du Japon où il a rencontré ses homologues des Etats-Unis, la Communauté européenne et du Japon.

Ils sont convenus de la nécessité de tenir une réunion de haut niveau le plus rapidement possible cette année afin d'être en mesure d'amorcer, en 1986, une nouvelle série de négociations du Gatt.

Les trois quarts de nos exportations sont destinés aux marchés américains. C'est en partie la raison pourquoi je me suis rendu à New York pour en parler de l'importance réciproque du marché international nord américain, ainsi que des liens privilégiés qui doivent unir le Canada, les Etats-Unis, et vice versa.

Nous devons accentuer nos efforts pour préserver ce marché vital pour nous tous. Le financement des exportations est un autre élément important de notre compétitivité à l'échelle internationale.

Le document de réflexion publié il y a deux semaines par monsieur Wilson et Kelleher souligne ce qui est en jeu pour les entreprises canadiennes dans ce domaine.

La compétition et l'accès aux marchés sont deux ingrédients essentiels au succès en matière de commerce extérieur mais il y a un troisième tout aussi important: la vente de nos produits à l'échelle internationale.

Cette conférence nous fournit l'occasion rêvée, idéale, d'agir rapidement de la façon décisive dans ce domaine. En effet, nous avons été témoins, au cours des derniers mois, d'une concertation sans précédent de la part des autorités fédérales et provinciales qui sont déterminées à travailler avec le secteur privé pour relancer notre commerce extérieur.

Je constate avec plaisir, messieurs les Premiers ministres et collègues, que nos ministres du commerce se sont rencontrés en décembre dernier et ont donné instructions à leurs fonctionnaires de rechercher un consensus véritable en vue d'arrêter une stratégie nationale d'exportation.

Permettez-moi de déposer leurs propositions qui sont d'une importance vitale à l'occasion de nos délibérations.

Nos ministres ont également conçu un projet de plan d'action pour la mise en marché de nos exportations. Je dépose aujourd'hui également ce plan d'action et je propose que nous endossions, l'un et l'autre qui sont liés et qui sont indispensables comme conditions préalables d'un succès durable dans ce domaine.

En pratique, une stratégie nationale d'exportations doit se traduire par la vente de produits de tous ordres, depuis le poisson, le blé et les pommes de terre jusqu'aux voitures et au matériel électronique, en passant par le charbon, le bois, bien sûr, le minerai de fer.

C'est toujours le secteur privé qui vend, qu'il s'agisse de butane des Maritimes au Japon, ou de moissonneuses de Winnipeg à la Chine.

Les gouvernements peuvent fournir des programmes d'appui et de service mais les contrats d'exportation sont presque toujours bâclés par des entreprises privées.

There are some exceptions, however.

The Canadian Wheat Board is an outstanding example of that. Like the grain industry, the Wheat Board is confident that it will meet its export target of 36 million tons of grains and oil seeds by 1990 up from 30 million tons in 1984. I want to emphasize today here in Regina, but not because I am in Regina, I want to emphasize it that I will make it my business at all times and under all circumstances to sell Prairie wheat.

SEVERAL HONOURABLE SPEAKERS: Hear, hear.

THE CHAIRMAN: I want that, Mr. Secretary, to be recorded. One of the great pleasures that I had in the recent election campaign, apart from the result, was the fact that when I was in Alberta with Premier Lougheed speaking about what the new government could do for Québec, Albertans applauded that. When I was in Collingwood, Ontario, talking about the problems of British Columbia that is where I drew the greatest response and when I said that I wouldn't go back to Newfoundland until and unless a new government concluded an agreement with Premier Peckford, people in Toronto cheered. I thought that said a great deal for Canada and I thought as well it said a great deal for the understanding of Canadians of the new spirit that we are trying to build and the importance of these regional considerations.

M. RENE LEVESQUE: You talked about Newfoundland in Québec?

THE CHAIRMAN: I talked about Newfoundland in Québec.

HON. A. BRIAN PECKFORD (Premier and Minister of Intergovernmental Affairs, Newfoundland): Mr. Chairman, that is not water under the bridge!

THE CHAIRMAN: I said wouldn't it be great if those two fellows got together and solved all those problems? It would bring new wealth and new prosperity to Labrador West and to the north shore of the St. Lawrence River including the constituency of Manicouagan. So I don't think we can afford and I think we would agree with that the luxury any longer of duplication of our efforts. I think that is why we have all agreed and we have talked at Meech Lake about this, to step up our efforts to harmonize programs and increase co-operation between the public and private sectors. Information on export opportunities is a critical government service and we are going to work together to develop better ways to get this information to the Canadian exporter very quickly. An example of this effort is Export '85 a brand new aggressive approach to bring knowledge about export opportunities to the Canadian business community. This program includes Marketplace '85, some 3000 companies who will have one-on-one meetings with trade commissioners in 18 Canadian cities. Our goal is to bring knowledge of opportunities for export sales where it matters, to the factories and the plants and the sales offices of Canada. As a follow-up the companies will be invited to visit promising markets to evaluate prospects first hand and to pursue sales prospects on an ongoing basis. Under Export '85 Mr. Kelleher will also propose joint federal-provincial ministerial missions. Mr. Kelleher is also planning a joint oil and gas equipment mission involving 30 companies from across Canada to Norway, France the Soviet Union and the Aberdeen oil and gas show

to actively chase sales and attract foreign investment and technology. Apart from the question of technology we have got to get into this whole question of the diffusion of the technology in this country. We don't have to invent it all ourselves although that wouldn't be such a bad idea but, you know, we are in pretty bad shape when you consider 94 per cent of the patents and trade marks that were granted in the last decade in Canada were granted to foreigners. That ties into what for example the government of Québec has I think provided great leadership on -- de dimension -- le virage technologique ...

... which ties into what we are trying to do in export sales so it all fits together, the four items that we have been talking about and we are going to take advantage of major conferences everywhere around the world. We are going to be there bright and early with bells on ...

M. RENE LEVESQUE: Nine o'clock.

THE CHAIRMAN: Nine o'clock he says, sharp. And we are going to sell Canadian products because every sale means jobs. This is what it is about. The translation is direct. It means the same in English and in French and it means the same everywhere in the country. It means economic opportunities for Canadians, so we are going to be there. We are going to use events like the Pacific Rim Opportunities Conference in March, the Higtex Conference in the same month, international financing symposiums in light centres across Canada to increase awareness of export opportunities. Expo '86 in Vancouver I want to tell the Premier of British Columbia we are going to be there in fine style. The government of Canada views this as a tremendous opportunity for western Canada and for Canada to break through in a very definitive and leadership way into all the countries that feed from our western Canadian ports. The opportunities of the Pacific rim are just magnificent and Canada's future, our national future is tied into that western gateway.

HON. WILLIAM R. BENNETT (Premier, British Columbia): Perhaps, Prime Minister, you could just convince all my colleagues around here that the Canadian presence at Expo cannot be met fully without all the provinces being represented there.

THE CHAIRMAN: You can talk to Premier Pawley about that.

HON. WILLIAM R. BENNETT: Well, and my colleagues from the Atlantic provinces. I would be disappointed if Canada -- what if a Canadian show to the world did not show all of Canada even though it is in Vancouver. It would be a tragedy and a mistake and a lost opportunity if all of Canada wasn't shown at Expo '86.

THE CHAIRMAN: I agree with you, Mr. Premier.

HON. WILLIAM R. BENNETT: Thank you, Mr. Chairman. I think if they all showed up at Expo '67 in Montréal and they did because I was there to check them out so they should all show up in Vancouver and I know they are going to want to know -- our provincial colleagues are going to want to speak to that this afternoon and give you some assurances in that regard. But I want to tell you the government of Canada and many of our provincial colleagues are going to be on-site to provide export counselling to Canadian businesses and advice to foreign visitors on Canadian sources of supply. The program of export development will help the efforts of Canadian industry to develop new export markets.

Some thirty-eight million dollars will be invested in 4000 such projects this year. Many projects will be with small companies making their first efforts to generate export sales. With the help of the PMDND program Crestline Coach of Saskatoon has sold ambulances to the U.S.

market and Belgian industries of Regina have sold agricultural equipment to Australia. I think that says it best of all. That is what it is all about. Sixteen million dollars will be spent to assist participation by some 3000 Canadian companies in international trade fairs and missions. One thousand five hundred foreign buyers will be invited to Canada and will receive priority and red carpet treatment. From this we expect at least \$800 million in sales, 13,000 new jobs. Together we can explore innovative approaches to trade promotion. Trading houses can expand export sales, particularly those of small companies to markets outside of the United States. Counter-trade demands are increasingly common. As one who has gone around the world trying to sell products and dealing with foreign governments who say "We like the product, it is competitive, you get a good boost with your dollar, but we don't have any cash," What are we going to do? Other countries have found some interesting and very innovative ways around that because if you walk away from a deal as many of us have done because they can't come up with hard dollars, we haven't only walked away from a deal, we have walked away from perhaps a long neglected opportunity. Circumstances can change, so I think it is vitally important that we start to think new thoughts, innovative thoughts about such things as counter-trades and barter or variations on those things. We do have the enormous problem as well of the debt burden of Third World countries that need help and understanding from us in our relationship. They need flexibility and they need long-term financing. They need forgiveness of certain dimensions of already contracted loans.

They have got to be put on their feet, otherwise they can't do business with us. These are, I think, important considerations. An export consortium can reduce marketing costs. One successful example is the marketing arm in Saskatchewan for potash products.

Canpotech sells Saskatchewan potash to 25 countries around the world, currently setting record sales of 4 million metric tonnes. This is earning Canada close to \$400 million. So as governments I think we must help our companies to take advantage of specialized trade promotional techniques. The joint federal-provincial paper on international marketing cites areas, important areas where we can work together, but I think and I know that many of you have just returned from international travel -- I am not allowed to do that -- but I know that the Premiers have done it with vigour and with accomplishment and so I know that you all have a lot of specific points you want to make and action is needed.

We have got to recapture a larger share of world markets and we have got at least to get back to where we were in percentage terms of world trade in 1968, '69 and '70 because we have already been there. We know we can do that and if we recapture that share for openers we are already doing pretty well and that is going to put hundreds of thousands of Canadians back to work. So trade means jobs and new trade means specific new ideas as to how we do it. All we are doing here, no miracles, but all we are doing here is laying the ground work, the climate within which the specific ideas can flourish. So I look forward very much to your co-operation and your ideas and your guidance on this very, very important point and I assure all of you of the full co-operation of the government of Canada in these initiatives.

So the most recent traveller I think has been Premier Lougheed and I would like to hear very much

from the Premier on this point.

HON. PETER LOUGHEED (Premier, Alberta):

Prime Minister, I am very, very pleased with the way you opened this subject, because if I were a young Canadian listening to your comments and hopefully to this debate, I believe it would focus in my mind where my future might be as a Canadian, as a young Canadian looking for a career or looking to improve my job opportunities, so you really opened the subject in a way that I feel very comfortable about elaborating.

Now, I intend by way of debate to make some proposals and to make some observations, but I do want to say that you put it very well, because I remember just in a very personal way and I am of the age that has children in a certain time in their life and having a supper conversation with them and one of them saying to me, "Dad, where do you think the best prospects in terms of the next ten or 15 years are going to be for me in terms of jobs?"

My response was and I sense you would agree with it, that somehow or other directly or indirectly related to se exports, related to selling Canada's products or services throughout the world and if I were a listener observing these proceedings and I was in a college or a high school or in a training program, or if I wasn't working and I was thinking about skills, I'd think about Canada in terms of being a trading nation. So the real key is going to be attitude, the attitude that we start to look on ourselves as we used to look on ourselves as a trading nation, getting out there and moving around and please,

Prime Minister, I don't know what you meant by that observation about you not travelling, but I don't know what is concerning you. I am all for you travelling.

THE CHAIRMAN: That is so far, Mr. Premier.

HON. PETER LOUGHEED: The more you move around the world the happier we all will be, because I think we know that you can obviously sell Canada and the products and services.

Now, mind you you may end up with a Minister of Foreign Trade like Mr. Kelleher who was just with my officials in Tokyo and he is going to be more than you. I have got a Minister on my right, Horst Schmid who has been the Minister of Foreign Trade and I get to see him about once every two months. I am glad he is here now and he is around the world and many of you who haven't been on a mission with him you ought to try, because I tell you he gets up early and goes to bed late and that is all right, I think, René, you would enjoy travelling with him.

I think it is a very, very -- you don't have to get up with him in the morning, but you could stay up with him at night.

It is very important to look at this subject in a number of different ways though, Prime Minister, and in a way I am going to take some issue with some of your points and I know you welcome that and I am going to make some comments that I know the Premier of Ontario is going to take issue with and if anything bothers me about yesterday and some of this is that fact that somebody would think that we could sit down at a table with 11 -- 10

different provincial economies and 11 different governments and agree on them. Well, that is so simplistic and naive, we are going to have differences. It is part of Canada, but the real difference in the atmosphere at this meeting, Mr. Prime Minister, as I have been trying to communicate is how we respond to the differences. We don't respond in acromony, that we don't respond by shutting the door, that we start to talk to each other afterwards and say, "Well, maybe there is some common ground here. Maybe there are some different ways to go about it" and that is what excites me about the discussion and the process of the last two days. There is no question there is going to be different views and I am going to make some proposals and some comments that are going to be different.

Let me start with one or two observations, Mr. Prime Minister, because I am sure you didn't mean it that way, but it could be misinterpreted. It isn't just recapturing what we lost. Yes, recapturing in the aggregate sense, but quite clearly some of the markets we have lost we are not going to get back because we are simply not competitive in those particular ways and that is what I meant.

THE CHAIRMAN: You are quite. It is what I meant, in percentage terms.

HON. PETER LOUGHEED: Yes, it is there to be done.

Another area, first I thought you were going to miss it and then you didn't, that is services. Products and services.

We know in our province and Horst Schmid has been on these missions all over the world, we have got a lot to sell in terms of technology from every province in this country that have got companies and organizations and entrepreneurs that are worldwide competitive in terms of services and technology and I know that that is what I mean and I just wanted to underline it and I believe that that is what you mean too. We are talking about not just products, we are talking about services.

I really think too that some of the events and I was so pleased that you mentioned Expo '86. You won't mind a local parochial comment, it is not local because you are paying \$200 million, of the Olympic '88. Now, that puts Canada on the map and events like that get people to observe Canada. Anything we can do, anybody who has been out selling knows that, to get people aware of Canada, to be aware of where we are and they are very positive. Expo '86 is great and Premier Bennett and I have been sort of working together and how can we combine Olympic '88 with Expo '86 and it is part of communicating Canada and the world marketplace and I really feel that your comments about moving around, of missions and bringing people in is just the feeling that we very strongly have in Alberta.

Now, a number of other things. First of all, the expansion of trade. There is no question I am sure a number of Premiers are going to comment on this. There are one or two that haven't got there yet but they told me the last time they got together that they are

on their way. We have all been in the Pacific rim and you are going to be hearing comments and observations about that. Premier Miller told me the other day he was there the same day I was back in Hong Kong. It is an exciting market but it is a tough, competitive, difficult market. It is as complex as can be, and we remember, and this is part of what Canadians had better discuss, what did they say when you were in China? "Fine, we will buy, Premier, but we've got to sell to you too and we've got to sell our products to you too." In Japan we want to sell more petro chemicals, we want to sell more coal to British Columbia. We want to sell our agricultural products and our beef which we think are the best in the world, we want to sell that in Japan and they say, "Yes, don't close the door for us." Trade is a two-way street. We talk about the Pacific rim and we have got to be very sophisticated in what we do and let's not forget the Australians, those nice Australians. They are our competitors through that Pacific rim and it is about time this country developed a strategy. We were involved in sports, would call it our game book, as to how we are going to go about doing it and all of that doesn't have to be on the table as well. There are ways to sell -- it's a tough market to sell.

I want to mention transportation, because I think it was mentioned by Premier Bennett. I think transportation in all parts of Canada helps to make our products more competitive price-wise on the marketplace and let's remember that and if they go for railway deregulation in the United States let's recognize the implication

that is going to have in terms of our competitive ability on products to sell worldwide.

I think these are some of the observations about the Pacific rim and I don't put -- turn away markets in other parts of the world.

You mentioned how much it is changing and is it ever changing rapidly. I mean countries like Korea that are just exploding. Observations I could make about many potential countries. What I was hearing in Europe about Brazil, the potential there, both in terms of selling and in competing with us, Prime Minister, so we have to look at the changes and be very much alert to the changes.

I have a concern and I hope your government will look at it this way, about GATT and the attitude to GATT. I have the concern this way: we went through the seventies and the western Premiers discussed it a great deal and there was progress made in the Tokyo round, but frankly and candidly not nearly what we had hoped for. I was really disappointed when it came right down to the end result, there was nothing to speak of improved on agriculture. Well, there was nothing on petrochemicals. Two really crucial areas to our province and to other parts of Canada. It really was a disappointment and I think there are some reasons why, Prime Minister. Premier Devine no doubt will want to make comments about his meeting with the Director General of GATT and about the new round, but let's face it, Canada sits in there and where is the leverage? You have got the European economic community, you have got the United States and

to a degree you've got Japan and I am not saying that we are kept out of the discussions, but it isn't an easy situation for us when it comes down as we all know what it comes down to, those final discussions at the very end and nice guy Canada, let's keep that image up and let's make it valid. It is not an easy arena for us to make the progress, because we don't have a lot of leverage. Let's work hard on it. I encourage you in Bonn to press forward with a new round and I am sure Premier Devine will want to go into that in more detail, but let's not put a tremendous amount of sort of faith that it is going to be a great bonanza for us at the end of the next round. There will be progress and I think the Director said we will come up to the forefront, but I do hope that not those officials behind you, but officials don't give us the mid-seventies view.

Don't give us the view "Premier, we have got all our eggs in the GATT multi-lateral basket and that is where we are going to go" because when it comes to market access I don't think that is enough and I think that is dangerous and we need to be moving on all fronts. Mr. Kelleher's paper which I thought was very good, I always start somewhat skeptically by past experience reading some papers from the federal government, wondering who was the author and how it was put together, I sat in a Zurich hotel room and read it page by page. Mr. Kelleher and I got almost as pleased with that as the Supreme Court judgment on the Constitution and I kept reading it. I felt delighted about it and I thank you for that. You put it on the table. You said it is a discussion paper and that is what I wanted to come to.

I want to toss out to you, and some of you know my thinking and the thinking of my province and maybe other provinces about the debate of trade with the United States in the paper Mr. Kelleher puts it out this way, it notes the importance of trade with the United States and it notes very much too that there is a great potential there. There are real sectors of opportunity and we put that in our paper which I guess has been distributed or will be distributed, a number of areas in terms of potential expansion, recaptured -- Prime Minister, as you said it is recaptured in terms of aggregate numbers but let us look at them -- it is agriculture and food products, it is oil and gas, mass transportation,

it is your telecommunications, it is heavy electrical equipment, petrochemical products, fish products, forest products, steel products, it is equipment manufacturing such as in agriculture and oil and gas there is a long list. There is a lot of potential in that marketplace that we haven't got fully into and, you know, the real key in that market is the more effective we are the more dangerous a position we are in and that is what I believe I want to come back to because the more successful we are the more the lobbies start to develop and the effective system backs the other way. We have got a lot of things going for us in terms of the United States. When I am in other parts of the world they talk about "Why doesn't Canada take more advantage of its natural geographic position with the world's biggest and expanding market?" Why doesn't Canada, for example, recognize that the modus operandi of business in North America and the language was obviously French and English but to a fair degree English in the communications field is the language of commerce and our methods of doing business are similar. We don't have a strangeness when we sell in the United States and so we can sell there. I just feel that there is a great potential for us.

Now, three options were basically underlined in Mr. Kelleher's paper. The three options were the status quo, a sectoral arrangement which means we pit two or three areas that we would emphasize for free trade and the Americans obviously would have a counter or a comprehensive, or as we call it, free trade arrangement. Now, the sectoral one

I would like to deal with first. What are the prospects? How realistic? It has been the effort for the last couple of years. First of all it has got a lot of problems for everybody around this room because if you pit the sectoral area, agricultural machinery or something and some of the rest of us say "How about petrochemicals, how about forest products?" It is a tough one, Prime Minister. Like Mr. Devine was just mentioning in terms of your province and regional development, but I think the real problem with the sectoral approach is that my judgment and the judgment of the people that advise us and the implication of Mr. Kelleher's paper is I don't think it is going to get off the ground. I think it is going to be talked about and talked about but I don't think anything is going to happen because it isn't going to catch the attention of the Americans or capture their imagination and as you know, it is not easy to capture the imagination of the American Congress, the American President. I will come back to that, or the American people. So I don't really think the sectoral option, it sounds good, it has got a lot of internal Canadian problems, Prime Minister, but I don't really think it will get off the ground.

Now the status quo, what about it? Well, there are lots of pluses. I see the recent figures in automobiles, auto companies are doing pretty well but things are happening out there in the world marketplace. They are happening in a very significant way, they are happening with the emergence of new countries, they are happening with

the very serious trade deficit in the United States. The exporters in the United States are nervous about it obviously but there is going to be in my judgment with the new Congress in the United States a growing protectionism. I think the days of Canada being excluded are quite unlikely, they really are, I think quite unlikely. We will work our way through and we have had a lot of headaches in some provinces more than others. We are into it right now in pork. Some have been into it on the edge in terms of lumber, some steel products, fish. You can think about it in terms of the fact that a lot of the time of governments is going to be spent "We had better get on a plane and go to Washington" because you know what they are talking about down there in the House Committee. I really am concerned that if we just stay with the status quo we are going to be into some real problems. I, therefore, look at the other one. I put it as Mr. Miller, the Premier of Ontario, and somebody asked me about it this morning. Obviously you don't come to the office on the 16th of January -- no, the 26th of January or whenever it was and I presented a proposal with regard to free trade or comprehensive trade -- I am not asking for that today, Prime Minister. I am asking an opportunity briefly to conclude, putting forth the idea, putting forth the proposal which is growing in support across Canada by many groups who have studied it and asking you and my colleagues to consider it. What are the factors? Sure there is risk but as the paper pointed out of Mr. Kelleher, there are risks in any one of the three options including the status quo.

One of the things that is happening and I am not sure that people are fully aware of this in Canada, the successful Canadian organizations now are expanding by taking their capital and moving it to the United States and building their expansion plant there because they are not sure of what the future holds. I can hardly blame them if they are successful organizations so the capital outflow that is there is pretty important. It seems to me too that if we got into a comprehensive trade agreement with the United States it would give the business community, the investor, the entrepreneur, a couple of very obvious advantages. it would open up with certainty and stability a huge market, a lot more competition, but a huge market and if you like, a plant in North Carolina or a plant in Texas, you would have that huge market. You would have the potential of economies of scale because there are a lot of operations in Canada that basically can't go beyond a certain point and really serving the domestic market and they have a tough time by the nature of it competing outside North America and all the concerns have been raised and the branch plant may close. Well, let's study that. I really wonder about that. You know if you have comprehensive free trade and you had a manufacturing concern in Brampton, I say that because we have heard so much around the years about Brampton, you have a plant in Brampton -- that is where my grandfather came from anyway and Premier Pawley came from there too so it is a really well-known part of your province. You have a plant in Brampton and a plant in Cincinnati and you have got comprehensive trade arrangements with the United

States, you don't automatically close the plant in Brampton. You might close the plant in Cincinnati if it was an older plant a more antiquated plant or you were having some distribution problems or you were having a better distribution arrangement. I am not sure. I am just not sure whether or not that concern, that risk is as great as some people put out and again I mention on that point don't forget the other way which is the outflow of capital that is going on today.

The other part of it is, can Canadians compete? Well, if I feel strongly about something -- the plus of this country is the entrepreneurship that we have developed and the entrepreneurship is such that they can compete in North America in a very significant way. Yes, there will be some rationalization in certain industries if we went that way, but that rationalization if we are realistic has to happen anyway because ten years from now you just can't be operating in that new world of trade with a plant that needs long-term protection and I envision as our paper sets out in a comprehensive trade arrangement you have to have a very significant transition period of time involved. I just think that we have come down to some choices. I don't expect them to come out of today's discussions. I would like a response in due course. I really think that it is a choice between drifting. I don't think that is your nature. Prime Minister, drifting with the status quo saying that we will deal with each fire fight as it comes along or moving boldly analyse it carefully before we move, but I just have faith in those entrepreneurs. So, where do we go? I hope each province will examine the three options. At least in my judgment there are only two, status quo or comprehensive

free trade but we will be able to discuss it at the Premiers' Conference in August. That we won't take too much time though because I think there is a time in terms of the United States, a window here that may be here for a year or a year and a half, maybe not longer and I say that because, let's face it candidly in the American system you have got a President under their system that in two years becomes a lame duck is the expression and I don't know whether that is a good phrase or not, that is a truism and we have got to recognize his nature is to be bold and take bold steps. Somebody said to me the other day when I was discussing it, said "Peter, why would the Americans be interested?" My reaction was the Americans want trade liberalization. That is their basic theory. They are upset with the European Economic Community's agricultural approach, they are upset with Japan's hidden tariffs and so forth. If they can show the world that their northern neighbour and themselves together and had a free comprehensive, free trade arrangement and it worked to the benefit of both countries that would be a great selling point for them. In terms of GATT I had a direct question. I asked it three times in front of your ambassadors ^{so} I wouldn't be challenged on it. I asked the Director-General "What about the impact on "GATT?" He said "Article 24, the GATT arrangement comprehensive free trade, no problem. Sectoral free trade, watch this, Mr. Kelleher, there is a problem." That is another reason that this dissuades me from emphasizing the sectoral free trade.

I come down finally, Prime Minister, to asking you to consider on March 17th when you meet with the President

to open up the discussion of options and at least to open up the discussion of is it possible to get into that subject in any significant way because you made the comment and I would like to conclude by saying I am an optimist about Canada and its entrepreneurs.

THE CHAIRMAN: Thank you, Mr. Premier. With your permission, colleagues, we will just take five minutes just about at this time and come right back and go right on until we are finished. Thank you very much.

--- Recess

THE CHAIRMAN: Colleagues, we will try and I think we will succeed, to hear the other First Ministers prior to a luncheon break. So I would ask you -- we will get right to it.

Nous allons procéder maintenant, jusqu'à la fermeture de cette session, sur la question du commerce international et c'est le premier ministre du Québec qui prendra la parole.

MONSIEUR LEVESQUE: Merci, monsieur le Premier ministre.

As you may have heard, yours truly recently joined this club of old China hands and so I am happy to get a chance to talk about it a little bit before you go on a rampage, all of you, except Newfoundland. There were two of us, the odd men out.

MR. PECKFORD: I'm the odd man out.

MR. LEVESQUE: Well, you are on your own. I just checked with Mr. Mulroney and he has been to China too, so you are on your own.

-- j'étais à Séoul -- I was an old Korea hand for other reasons -- j'étais à Séoul en Corée et je me suis fait dire que la Corée a besoin d'exporter chaque année 30% de sa production ou bien ils crèvent de faim. Surtout la nouvelle voiture Pony que j'ai vue jusqu'ici à Régina ce matin. Il y a un dealer de Pony dans le downtown Regina.

A Tokyo, on se fait dire: si on n'est pas capable, les japonais, d'exporter 15% de notre production, on peut pas surnager et vous savez, c'est assez rare en orient, ils sont venus les yeux ronds ronds ronds quand je leur ai dit: nous autres, le Québec, si on n'exporte pas entre 40 et 45% de notre production, on n'est pas là, ça sert à rien.

Ensuite, je me suis promené en Chine pendant -- a whole consecutive week in China -- et, partout, à commencer par le Premier ministre et son entourage, partout on sent un phénomène que nous connaissons bien nous aussi, c'est-à-dire l'ouverture sur le monde et une terrible soif de croissance, quelque chose qui va durer pas mal d'années d'après toutes les apparences.

Alors, si la Chine démarre pour vrai, il y a déjà en ce moment 50% de l'activité économique du monde entier qui est dans ce 'specific rim', c'est-à-dire l'est de l'Asie. Alors, si la Chine démarre, ça va être plus que la moitié de l'activité économique mondiale d'ici quelques années.

Ce voyage, soit dit en passant, nous a permis de constater une chose aussi, c'est qu'on avait une mission d'hommes d'affaires, des principaux hommes d'affaires, beaucoup en tout cas, des principaux industriels, l'Hydro-Québec, et caetera, les principales entreprises du Québec et on a pu voir à quel point la coopération en équipe entre gouvernements et entreprises est fondamentale.

C'est vrai partout mais c'est vrai en particulier sur les marchés d'exportation.

Alors, d'autre part, on a parlé hier -- je ne reviendrai pas beaucoup là-dessus -- on a parlé hier déjà du marché américain, de son importance vitale pour nous. On a parlé très peu mais on aurait dû peut-être insister davantage sur l'importance du marché de la communauté économique européenne et puis je pense que quand on parle de 'free trade inside', on est tous conscients que nous-mêmes, entre nous, nous sommes souvent notre marché le plus important, export-import.

Quand on parle de marché, nous on a seulement 6½ millions d'habitants au Québec et le Canada n'est pas beaucoup plus gros avec 24, 25 millions et on sait

très bien qu'on ne peut pas manger tout ce qu'on produit. Donc, c'est vital d'exporter si on veut créer de l'emploi. Vous l'avez très bien dit, monsieur le premier ministre, c'est un des éléments les plus essentiels de l'avenir de l'emploi.

Donc, il faut être présent sur tous les marchés du monde avec des produits, le plus possible, des produits uniques en leur genre. Autrement dit, des produits qui sont -- as much as possible 'the best in the world' -- comme on dit en anglais.

On commence à arriver à ça parce que tout le Canada traditionnel était un exportateur de matières premières et, aujourd'hui, en produits semi-finis, je donne le cas du Québec, on dépasse 50%, finis et semi-finis et on est à 35%, ce qui est déjà beaucoup, de produits complètement finis qui sont exportés. 35% de nos exportations l'an dernier étaient des produits très finis.

Alors, ça va demander ça, c'est sûr si on veut maintenir et surtout aller plus loin et reprendre les positions perdues, ça va demander d'extraordinaires productivités, ça a déjà été souligné, beaucoup beaucoup de design, de compétence, de know how, dans l'originalité des produits et beaucoup de compétence dans les services parce qu'il n'y a pas seulement les produits, les services de plus en plus, le know how, c'est un produit d'exportation.

Je pense qu'au Québec on le sait, on a de grandes firmes de génie conseil qui entraînent avec leurs contrats pas mal de ventes de produits canadiens aussi un peu partout.

Alors, comme l'a dit le Premier ministre de l'Ile du Prince Edouard, monsieur Lee, je pense que c'est un peu ce que monsieur Lougheed disait autrement: chaque province, en tout cas au moins chaque région, a une économie différente. Ce qui veut dire que nous avons tous, autant que possible, le devoir d'être présent sur les marchés du monde.

D'autre part, je pense que le gouvernement fédéral l'admettra tout de suite, parce qu'il a l'exclusivité de certains des instruments les plus essentiels, il faut que non seulement il soit présent activement par lui-même mais qu'il soit présent comme un appui constant pour les efforts que les provinces peuvent faire sur les ambassades, et caetera, partout dans le monde et on a eu le plaisir de constater qu'on avait un service très efficace, très rapide, dans les ambassades d'Extrême-Orient par exemple, mais ça, ça sera toujours important.

Seulement, évidemment, ça commence par aides-toi et le ciel t'aidera, c'est-à-dire qu'il faut faire notre effort, chacun d'essayer de se convaincre, syndicats, patrons, gouvernements, de hausser la productivité, d'être des fonceurs, des 'go-getter' comme on dit en anglais.

Peut-être que ça aiderait d'avoir une monnaie, une 'currency', une monnaie d'une valeur raisonnable sur certains marchés et, finalement, c'est essentiellement l'effort qu'on doit fournir.

Alors, pour parler de l'effort qu'on essaie de fournir, nous, au Québec, un peu plus en détail sans prendre trop de votre temps et pour dire certaines des choses que nous croyons utiles de souligner dans ce domaine-là, si vous permettez je voudrais passer la parole à mon collègue monsieur Duhaime qui, non seulement est ministre des finances mais qui est également président de notre comité permanent, comme on l'appelle, de développement économique.

Alors, si vous permettez. Monsieur Duhaime.

MONSIEUR DUHAIME: Monsieur le Premier ministre, tantôt lorsque vous avez ouvert ce sujet du commerce international, les premiers mots que vous avez prononcés étaient 'capacité concurrentielle et compétitivité de nos entreprises.

Vous avez parfaitement raison là-dessus. Pour nous, ça constitue la priorité majeure pour les années qui sont devant nous.

Je dois vous dire que pour notre part au Québec, nous avons accompli durant les dix dernières années des progrès significatifs en termes de productivité, des efforts entrepris pour, par exemple, accélérer la recherche et le développement, pour

encourager l'adaptation par les entreprises de technologies nouvelles, pour limiter aussi les hausses salariales. Cela devra être poursuivi, à notre point de vue, avec encore plus de vigueur au Québec comme dans l'ensemble des canadiens.

Au cours de la séance d'hier, le Premier ministre a soulevé la question de l'assouplissement de la politique monétaire. Ça a été repris par le Premier ministre monsieur Lougheed, monsieur Miller l'a abordée. Je sens qu'il y a autour de cette table un consensus.

On en parle en fonction, bien sûr, des taux d'intérêt. Il y a un autre aspect que je voudrais évoquer. Un assouplissement permettrait de rentabiliser plus rapidement les investissements générateurs d'augmentation de productivité.

Il permettrait aussi, en même temps, de nous attaquer à des coûts raisonnables à un autre problème majeur de notre société: la pollution, dont la solution, sans comme telle être génératrice de productivité, ne peut attendre plus longtemps sans mettre en danger le grand pan de notre économie, notre forêt par exemple, en liaison avec la question des pluies acides.

En plus des emplois que ces investissements produiraient immédiatement, et dieu sait si nous en avons besoin, des augmentations de productivité rendraient notre structure de prix plus concurrentielle sur les marchés internationaux.

L'incidence prévisible sur la valeur du dollar canadien reflèterait, de notre point de vue, beaucoup plus fidèlement la force réelle de l'économie canadienne.

Ainsi, nos exportateurs pourraient reconquérir, vous en avez vous-même parlé tout à l'heure, certains de nos marchés traditionnels dont nous avons été chassés par des parités monétaires maintenues artificiellement et ça pourrait nous aider, par la même occasion, à nous implanter sur de nouveaux marchés prometteurs.

Cette demande extérieure, elle est importante en elle-même puisque pour le Québec elle est responsable de ventes se chiffrant à 13 milliards \$ pour les neuf premiers mois de 1984.

Monsieur Lévesque l'a invoqué tantôt. Notre économie doit vendre 40% de sa production intérieure, c'est énorme.

Bien que cette baisse des taux d'intérêt aurait également un impact positif sur la monnaie intérieure à court terme, la réserve de travailleurs sans emploi est telle que nous devons mettre tous les efforts de notre côté pour ouvrir de plus en plus le marché extérieur à nos produits et à nos services.

Monsieur le Premier ministre, je suis au courant des problèmes de la Côte Nord, vous êtes au courant des problèmes de la Mauricie, on parle beaucoup de textiles, par exemple.

Il est bien évident qu'il y a un lien très étroit entre la politique monétaire, les exportations et les emplois. Un travailleur sur cinq ici au Québec doit son emploi à l'international.

Nous sommes donc une des économies les plus ouvertes et, quand nous parlons de 40% de notre production intérieure brute, il y a une donnée qui mérite d'être soulignée parce que nous ne comptabilisons pas à l'intérieur de ce 40% les services.

Par exemple, trois des plus grandes firmes de génie conseil du monde ont leur siège social à Montréal. Ils sont partout à travers le monde. Leur gain en services n'est pas comptabilisé dans le 40% que je viens de mentionner.

Le commerce international et le commerce interprovincial du Québec compte pour à peu près 50-50. En 1984, ça a bien été. Les exportations internationales du Québec se sont accrues de 16%.

Si les exportations du Québec vers les autres provinces sont relativement diversifiées, celles vers l'étranger sont fortement concentrées dans certains secteurs, dont les pâtes et papiers, l'industrie métallique primaire et le matériel de transport qui forment plus de 60% de nos exportations internationales.

Un fait qui mérite d'être souligné, trente grandes entreprises du Québec sont responsables pour 60 à 62% du total de nos exportations. C'est donc dire qu'il y a un potentiel à exploiter pour augmenter la part du marché international à partir de nos petites et moyennes entreprises.

Au cours des dernières années, nous avons fait un effort sans précédent. Par exemple, nous avons créé un ministère du Commerce extérieur, des délégations générales et des délégations du Québec, les représentants commerciaux, sont partout à travers le monde aujourd'hui.

Nous avons travaillé à promouvoir, et depuis tout récemment, à financer aussi, les exportations de nos entreprises et ces interventions, monsieur le Premier ministre, loin de dédoubler l'action du gouvernement fédéral en ce domaine vise avant tout à répondre à des besoins plus spécifiques des entreprises de chez nous.

Tout en reconnaissant bien sûr qu'il y a avantage à mieux harmoniser l'action des deux ordres de gouvernement pour rendre nos efforts plus productifs. Nous croyons que le gouvernement du Québec peut mieux percevoir les besoins en matières de formation à l'exportation et que le gouvernement fédéral doit éviter de dédoubler les services offerts aux entreprises exportatrices.

Dans le domaine de la prospection des investissements étrangers -- et là-dessus on peut toucher du bois -- et aussi dans la prospection des accords industriels, nous comptons sur l'appui du gouvernement fédéral pour soutenir nos propres initiatives.

La consultation qui s'est amorcée par la publication de deux documents, tout récemment, tant sur le financement des exportations que sur l'accès aux marchés extérieurs, manifeste la volonté de votre gouvernement d'éviter les duplications et d'harmoniser les interventions des deux ordres de gouvernement en matière d'échanges internationaux.

Un jour, j'aurai sûrement l'occasion de vous raconter l'aventure de l'amiante et le peu de support que nous avons eu dans ce dossier-là dans le monde entier. On en vit des résultats concrets aujourd'hui.

Dans un autre ordre d'idées, nous sommes -- et monsieur Lougheed l'a évoqué tantôt -- nous sommes particulièrement préoccupés par le rôle des deux ordres de gouvernement en matière de négociations et d'accords commerciaux internationaux.

Ainsi, pour nous, les résultats de la prochaine ronde de négociations commerciales multilatérales, comme les deux précédentes, pourraient avoir des impacts très importants sur l'économie du Québec.

Il est donc essentiel que le processus fédéral-provincial de consultations et de concertations pour établir la position canadienne au prochain accord du Gatt, se poursuivent et s'intensifient.

Nous estimons, de plus, nécessaire que des représentants du Québec soient membres et non pas observateurs, soient membres de l'équipe de négociations à Genève et participent au sein des comités fédéraux à la définition des grands paramètres de la position canadienne, sans pour autant mettre en cause le principe qu'une seule voix doit exprimer la position canadienne.

Sur le plan interne, le Québec reconnaît le bien-fondé d'une entente interprovinciale préalable aux négociations en vue du renouvellement de l'accord du GATT sur les marchés publics, nous permettant de faire front commun -- et là ça serait une belle occasion pour un front commun -- face aux négociateurs des autres pays.

Le Québec est aussi disposé à évaluer les avantages et les inconvénients d'une libéralisation interprovinciale des échanges. En ce qui a trait aux discussions éventuelles avec les Etats-Unis concernant l'accès aux marchés, le gouvernement du Québec, tout en maintenant son adhésion aux principes d'un système multilatérale d'échanges, est prêt à examiner la possibilité de libéraliser les échanges avec les Etats-Unis dans certains secteurs.

Il sera nécessaire, cependant, avant de prendre une position sur un secteur particulier, d'examiner l'ensemble qui pourrait faire l'objet d'ententes et d'être membre de toutes les équipes étudiant ou négociant ces questions.

Toute libéralisation des échanges, selon nous, doit également faire l'objet d'un examen approfondi afin d'entrevoir les répercussions et de mettre en place les programmes d'ajustements nécessaires.

On parle de plus en plus, monsieur le Premier ministre, de la continentalisation de notre économie. Nous vivons avec l'application des accords déjà signés et négociés du GATT des entraves, des contraintes, des quotas tombent à chaque année jusqu'au premier janvier de 1988.

Qu'on le veuille ou non, dans quelques années d'ici, les biens et les services vont circuler sur ce continent, du Rio Grande jusqu'à la rivière La Grande, et c'est là qu'est notre marché.

Lors de la dernière conférence de décembre 1984 de nos collègues responsables du commerce extérieur, le gouvernement fédéral a proposé aux provinces de s'associer à lui afin d'élaborer une stratégie nationale d'exportations.

Nous avons reçu un projet qui, comme tout projet, est perfectible. Je peux vous dire, monsieur le premier ministre, que c'est déjà un très grand progrès que nous ayons au moins un projet.

Cette stratégie, une fois finalisée -- et soyez assuré que nous ne laisserons pas passer cette occasion -- devrait nous permettre d'orienter les efforts de promotion des deux ordres de

gouvernement, d'accroître le nombre des exportateurs, en particulier nos PME, d'élargir la gamme des produits exportables, d'harmoniser les programmes et services fédéraux et provinciaux de promotion des échanges, d'accroître la coopération entre les secteurs privés et publics, d'encourager la créativité et de promouvoir l'entrepreneurship dans le secteur privé.

Le Québec se réjouit de l'ouverture manifestée par le gouvernement fédéral en matière de relations internationales. Les positions prises récemment au sujet des relations internationales des provinces et l'effort de consultations qu'il a amorcées en matières de commerce, laissent entrevoir la possibilité de collaboration réelle entre nos deux ordres de gouvernement.

Le Québec, pour sa part, entend participer activement et pleinement au processus de consultations.

I would like to say to Premier Bennett that we will be in Vancouver in 1986, we will be there strongly and probably in time.

LE PRESIDENT: Ah, les gars de la Mauricie, on connaît ça. Merci, monsieur Duhaime, puis on ne négligera pas votre engagement vis-à-vis monsieur Bennett et je vous assure également de notre engagement vis-à-vis les problèmes de la Mauricie.

Nous sommes en train justement de travailler ensemble avec le gouvernement du Québec.

May I turn now to Premier Miller?

HON. FRANK S. MILLER (Premier and Minister of Intergovernmental Affairs, Ontario): Thank you, Prime Minister. This is a very important topic for Ontario and I think it ~~can be~~ developed, divided into three parts really: trade strategy for foreign sales, an examination of internal restrictions on Canadian trade and the item that has taken a lot of time, U.S.-Canadian trade specifically and I would like to just take those in that order. First, let me congratulate you on your sales talk. As Premier Lougheed says, you had the enthusiasm there that would almost convince me to buy a used car from you. Be that as it may, I think that is very important because indeed sales in the foreign markets, especially to a number of nations where governments have a very large role to play are very, very dependent on government-to-government relations. Numerous people have talked about China, Korea, we can go to many other nations of the world where more centralized forms of government and trust in government-to-government relations makes the businessman's approach much easier. Let me second Mr. Lougheed's comments. We need you on the road and I think we will see an improvement in trade and in sales because there is lots of room for it.

Now, I have collected a number of pieces of paper around me today as we talked and I think you may be surprised when I say that I am not going to be as much at odds with Alberta as you may expect. What I think I heard Mr. Lougheed say today was that we really needed to improve our sales to the American market. He believes that is best

done by a comprehensive free trade policy and he believes we should start studying it. My reaction was good. He also said at the very beginning of his comments that disagreements would naturally occur in a forum like this. The question wasn't did we all agree? The question was did we tackle the disagreements in any orderly way? Now that is, I think, very encouraging and I am simply saying yes, we are here to tackle any disagreements or differences of opinion in an orderly way and I would suggest a very important part of that orderly way is to have some kind of federal office co-ordinating all our points of view on the various trade issues.

Now I share one thing completely with you: I want to increase our sales to the United States. It is 90 per cent of Ontario's business. Half of our sales are automobiles or parts. The other half are not automobile products and that is a very higher percentage. Most people ----- we are dominated totally by the automobile industry. Seventy-five per cent of Canada's exports of finished goods come from Ontario, so obviously we have a very vital stake in an overall Canadian trade policy. My job, our job is to make sure we see a community of purpose in this rather than "What are you doing for Ontario?" seems to be one of the points of view. For example, it is presumed that an automobile made in Ontario sells for more in Saskatchewan than an automobile made in the States sells to an American. I have got some stats today to find that indeed that wasn't the case. I was delighted to find that in 1985 a Buick Skylark in Regina is \$12,964 Canadian and in the northwestern

United States it was \$14,080 Canadian. A Lynx station wagon was \$8,425 Canadian and \$9,093 across the border.

THE CHAIRMAN: Some people can't forget their roots!

HON. FRANK S. MILLER: That was with no trade-in. In any case, I am just putting that forward because I think there is a presumption that it always costs us something to be Canadian. I am proud to pay something to be a Canadian. The question is how much, and under what conditions. So I looked down some of the comments you made. I may just be a bit erratic as I followed you. It was not because you were but I am not following your prepared text. I agree totally with you as to services being a very important part of the sales package abroad. I was delighted to work with your colleague on the right hand side when we talked about the sale of services to China and co-operation of four provinces, B.C., Alberta and Ontario, Québec and the government of Canada in supporting a Canadian consortium selling a service which hopefully would also sell some Canadian manufactured goods if it won the overall contract. That is the kind of thing that has high Canadian value added, trained people, and we are delighted to do it. Ontario has something called the Ontario International Corporation which indeed prospects right around the world looking for major engineering projects where if we get the engineering for Canadian firms the chances of getting some of the content of the construction is important. Look at some of our industries and realize how dependent they are on those foreign sales. Look at the Three Georges projects

in China for electrical generating and realize in one location you will have about 60 to 70 per cent of all Ontario's power. What would that mean to all the manufacturing plants in Canada who currently don't have big orders ahead of them for manufacturing of generating equipment because most of our provinces are not catching up in that area? So selling services often leads to selling products so we agree completely with you.

We have shown in that one case, Mr. Smith said to me the other day, "Maybe Canada can work after all." Well, great. I think we need to do more of those things when we see a community of purpose rather than saying "What is in it for me alone?"

The question then of U.S.-Canadian trade really boils down to what do we have to give away in order to make sure that we get the access we need? When we go abroad looking for investors, investors be they American Motors who came to Ontario recently, be they Hyundai, be they a small company making lighters for cigarettes recently from Japan. Very often they are looking at North America, not Canada and the first thing they want to know is can they safely put their investment in Canada and sell into the American market? Now within a year or two when the GATT agreement winds down something like 65 per cent of all the products coming from the States to Canada will be duty-free and something like 80 per cent of the manufactured goods going from Canada to the States will be duty-free, so we have made tremendous progress already under GATT to reduce the tariffs, but you know the tariffs are only one of the ways that trade is impeded. I would argue that tariffs are not half as

important as the non-tariff barrier and the actions of governments through specifications of any kinds or actions such as I understand the Congress was taking last week to limit the importations of soft wood lumber into the States even though we had won a battle on that case.

Those kinds of things really are the ones that scare me. Cement. A whole host of items. Steel recently. We have got a lot to learn about how to lobby in the States. We need very much to realize that their Congress and their Senate works in a totally different way than the administration of this country where if the Prime Minister says it will happen, it will happen. You are going to give us more ERDA agreements.

THE CHAIRMAN: You missed an important word. Sometimes.

HON. FRANK MILLER: Well, Ontario supported those GATT negotiations which resulted in those reductions and I think it is very important that we carry on that way. So if you are trying to get investment into Canada, access to the American market is a fundamental part of it.

Now, you say should we have bilateral or multilateral negotiations? You were comparing Canada within the GATT and saying in effect we are a small fish in a big ocean and there are a lot of other partners there so we weren't heard too well and that has certainly got merit, but when there are only two fish in the pond, one of them is the United States and one is Canada on bilateral agreements, who is going to negotiate our differences? What kind of impartial arbitrator do we have, because GATT currently has one?

I fear that we wouldn't be heard if protectionism ran rampant in the States if there were fears that way.

I simply say the strength of one partner is very large compared to the strength of the other partner

and that partner reacts as all politicians do to the pressures of the day. Would we if we had total freedom of location for investment in North America because of a comprehensive free-trade policy, would the social goals that we have put into our laws in Canada cost too much? Would protection against acid rain, a cleaner environment for our pulp mills, our requirement to have fairer labour laws and many of the other justices we feel that have been built into our system have a cost that makes a company say, "We can't afford to locate on that side of the border"? Would you still be able to have your economic development agreements in fact, or would the Americans want to be part of those negotiations? I think those are all points we have to look at.

So what I am saying is simply this: I share your long-term objective. I want to see us sell more product to the States because it means jobs.

Now, we had a surplus, Prime Minister, of \$20 billion last year with our trade with the Americans. You gave us 16,000 jobs for every billion dollars of export sales. A surplus of \$20 billion by my arithmetic means 320,000 Canadian jobs because of that surplus. That is very, very important; very, very important. We don't want to see that go. We are talking jobs.

So Ontario simply says the theory is great, the objective is shared. We must, I think, proceed reasonably cautiously through a co-ordinating group in Ottawa to make sure that we understand what is going to happen if we take a step. So perhaps we don't have any big gap of difference in our attitudes. Perhaps we have

some chance to explore on a basis that we understand and is gradual the process of freeing up that trade and making sure that Canadians are also protected. The Auto Trade Pact has been mentioned many times as free trade. It isn't. The Auto Pact is free trade with a Canadian labour content guarantee. That was very important and it has worked well.

I talked to one major company the other day which told me that Canada only represented 8.8 per cent of its automotive sales in North America, but Canada had received 13.5 per cent of its investments. Why? For very good reasons. They made more profit building the parts and cars in Canada than they did on the American side. Those are the reasons that will continue to make people invest in this country; profit and access to the foreign market. So I would simply say that we have lots of good reasons to do that.

Now, let me just suggest then that we consider some kind of a co-ordinating office at Ottawa to allow the various provinces to review and reflect upon the effect of any liberalization measures. Will, for example, that furniture business in Quebec survive in direct competition with the furniture industries of South Carolina or the sun belt states? That needs to be understood. It is easy to talk in macro-economic terms and say that is great. Politicians deal in individual communities, individual factories, the jobs and lives of people. So I don't think it can be swept away too quickly with the grand design. It always ends up being an individual who loses a job in an individual

town or an individual factory.

HON. RENE LEVESQUE: That is why I was trying to stress it. Take furniture. It will survive. Some of it, you know, small, medium-sized but as long as they have good designs that sells everywhere. The Scandinavians have shown the way.

HON. FRANK MILLER: You were talking of design and it is true in a sense in the design of the article as opposed to the design of the program. I think probably I was on the design of the program.

Let me just talk on the other two for a second. I would like to suggest that the progress made by the Ministers of Trade on December 19th, followed by the staff discussions in designing a Canadian trade strategy I think is a gigantic step forward. It is going to focus on those other markets, because a trade strategy recognizes the potential of markets as well as their existing size. I think it will make all of us set the objectives in concrete terms that produce performance and I am firmly in favour of seeing us get that trade strategy in place and we are delighted to see the progress which was made. So we congratulate you, we support it and we want to see it incorporated into the overall structure.

I am glad to hear you talk about co-operation on joint missions abroad. You know, some people say why does Ontario have an office say in Hong Kong or London, England. The truth is we don't have enough Canadian representation anywhere in the world, we can't afford it. We need to pool and co-operate in our efforts

in order to penetrate those markets and to me that is very, very important.

The last point I wanted to talk about were the internal restrictions and I think Premier Lougheed said yesterday that he wouldn't be disagreeing with me on that one too much, but I didn't notice it in your comments today. Do I read that you are in favour of it?

HON. PETER LOUGHEED: Could I just make an observation? Back in 1978 at the Premiers' Conference in Regina, Alberta presented a paper to the effects of let's eliminate these barriers between our provinces, because you are quite right, Premier Miller, if we have the barriers within our own country we really have a lot of difficulty in the rest of the world. So we in Alberta have felt that this is an issue. We put it in our white paper that if the other provinces didn't move we would bring in a provincial preference policy. It sounds pretty reasonable to me, but we really got hit over the head with that by our business community. They didn't want that at all. They want us to urge and I gather this is what you are about to do, that we in fact eliminate these inter-provincial trade barriers.

HON. FRANK MILLER: Yes, exactly what I want to do and I recognize the difficulties in doing so and I recognize that most of us in some form or another have practised some form of discrimination. So as I said in my comments before I came west, I did not come here pretending to be totally pure, just purer than some.

The fact remains, Prime Minister, we should

work consciously to maximize our Canadian trade. It is a very important part of the total and indeed every one of us profits from seeing another part of Canada supply goods internally. Let us practice that as clearly, as fairly as we can and all the examples we can throw at each other, I know they are there. I simply say if we can accept the principle and start working towards it I am satisfied that it again will mean more jobs in Canada, greater competitiveness for the companies that win. Therefore, more ability to compete for those companies in world trade.

One of the things we have to continue to do is to sell internally to our manufacturing corporations and our exporters in general the importance of international trade. I am astounded to find when I became the Minister of Industry and Trade that only one factory in five in Ontario exports anything anywhere. For the last three years we have been leading them to their customers and we are teaching, slowly, carefully, those companies how to get into foreign markets like the United States. We even put people on buses, for example, and take them down to the border states, show them how to get through American Customs, introduce them to a trade broker.

What's wrong with the bus?

HON. RENE LEVESQUE: My God, you just mentioned buses. When Bombardier will get one bloody bus into Toronto, when they have the best price, that will be the day. Then it is a new world!

THE CHAIRMAN: That is going to happen, that's for sure.

HON. FRANK MILLER: I would love to get a gallon of paint into Quebec. However, that --

THE CHAIRMAN: Now we are talking turkey. Let's keep going. We are getting down to the real problems here, eh, Frank?

HON. FRANK MILLER: That is right. In any case, I simply say we have a lot to benefit not from an immediate elimination, but an acceptance that we have more to win than to lose by buying Canadian as opposed to buying Ontario or buying Quebec or buying Maritimes or whatever. The pressures are real. In Muskoka -- I had to get that in because you got your riding in four times -- in Muskoka we quite frankly often as an under-developed area look around and say, "What can we buy locally?" That's fair enough, but to protect it is another thing. I think one has to say if you are going to ask for free access to the States, surely the least we can require is free trade within Canada.

Thank you, Mr. Prime Minister.

THE CHAIRMAN: Thank you, very much.

I think the point with regard to the bilateral economic considerations is important because it always looks easier when people don't have the nasty habit of intruding into the figures and when policies invite the kind of protectionism that we have seen growing in the United States Congress that is a very serious problem when they start which then speaks to our relationships again, the vital importance of maintaining, having good relationships with the United States of America where it is possible to have the President of the United States intervene directly on behalf of steel imports, or wood products, forest products, that impacts on Vancouver Island, Sault Ste. Marie and Sydney, Nova Scotia. So I think it all fits together, what we are trying to do and I thank the Premier for that. Premier Peckford.

HON. R. BRIAN PECKFORD: Yes, Mr.

Chairman, this has been a very interesting discussion this morning and I want to say as one First Minister I compliment all those that came before me in their presentations and especially the Prime Minister in leading off. I sense around this table at the very least and I hope that it gets reported this way, I sense around the table a new aggressive approach to the whole question of trade in this country and I haven't been at a First Ministers' Conference where I was able to sense -- it is almost contagious, everybody is excited about being more aggressive in selling our products around the world and being a world partner in this whole question of trade. It can only augur well for the future as we stay together to try to work out the means by which we can achieve a greater amount

of trade for our industries in Canada. You know, it just goes without saying 70 per cent of the total shipments out of Newfoundland go into export markets and in our resource-based industries, 90 per cent. Those three resource-based industries would be fish, minerals and newsprint. So I mean there is no question.

The other problem that comes up that is going to be difficult as I listened to Premier Miller speak and this is the whole question of Canada again. It is the whole question of the diversity of Canada. Now, in Newfoundland's case you have the raw materials, you have the minerals and you have the fish and you have the newsprint especially based upon trees as opposed to the more manufacturing orientated economy of Ontario which, therefore, leads to some slight variations in how Ontario would approach the whole question of free trade as opposed to Newfoundland and Alberta because it is a more raw material based economy added to which you get some manufacturing things and a lot of services that you can sell around the world. So there is that problem and I think it has to be rationalized. I don't think there is any question, if you look at it in its broadest terms, I think this is what Premier Lougheed was trying to do, in its broadest terms there has to be, however gingerly done, I don't think we are flying in the face of major world events if we don't say that the goal that we must try to achieve down the road is a freer trade policy. I don't think there is any question about how we can get there and rationalize it from various parts of the country is the real question and it will take all our best brains and expertise to do that.

To me I can't see any other way around it if Canada is really going to survive and be a world participant in this whole question of goods and services and creating jobs because that is what it all comes down to, it comes down to jobs.

One of our problems has been, Mr. Chairman, and it is a very, very serious one in the whole mix of the creation of wealth in this country, the creation of the products fish has never been given any great priority either by the federal government or within therefore the GATT negotiations, fish wasn't considered at all for example in the last round of GATT negotiations and that is a serious impediment to Newfoundland trying to increase its share, produce more. The fish stocks, if wisely managed over the next 10 or 15 years, is going to increase. Therefore, we are going to be able to catch more and process more than we have to sell. While marketing in Canada is important, it is a very limited market for the volumes of fish that we are going to be talking about. It is just a very, very small part. So even if we sold all we could in Canada we would still have to close down processing plants and not fish and let the surplus go to foreigners who would come in and catch the raw material and bring it back and process it in their own countries and get all the jobs for it. While that is important I appreciate Premier Miller's point, no question, but from a raw material point of view when you get into large volumes of product obviously we have to be in the world community in order to create the jobs that can be created, that must be created if you are looking at

a 26 per cent unemployment rate.

In the next round, if there is to be another round in GATT and we wish to be involved as Québec has said from their point of view and I am sure all the other provinces feel the same way, we have to ensure that fish becomes a commodity in its own right. I mean, can you believe that there has been up until just recently this idea that somehow we are going to link fish with agricultural products? Well, in that game we are going to lose again because how can we sit down around a table together and develop a trade policy or position to put before a GATT meeting when you have got even British Columbia for that matter, you have got almost every other province which has a large agricultural base and they have got to do their thing for their agricultural products? So fish has to be considered as a commodity of its own and therefore we have to negotiate aggressively for that commodity in getting better treatment so that we can open new markets for the fish.

The other thing is on services, Mr.

Chairman. Let us look at this whole question of services. Here is something where we can build on our strengths when we talk about regional economic development, we can build on our strengths. I spoke about the whole question of a centre of excellence for marine technology and so on. We have several companies in our province now which have spun off from R&D companies which were funded by the federal and provincial governments and have gone commercial. They are going to take their chances in the community and they are service people in the oil and gas industry and in the fishing industry into servicing and into R&D and

into scientific that we can sell to other countries. Here is one area where we have over the last number of years almost at every conference pushed this whole idea that we have not the possibility but the extreme probability that over the next four or five years we will have the expertise in Newfoundland on the whole question of marine-related activity in R&D that will be better than almost anywhere else in the whole world and that we can sell this expertise to the Norwegians, to the Russians even and to others who are doing off-shore exploration in this marine-related thing. That means jobs, high-paying scientific jobs in Newfoundland for the young people who are now going on our training programs and who are going to get all this new training to go into those service areas.

The only other thing I would caution and I would like to pass it over to my minister to say a few words on this whole question of trade and I will keep quiet,

Mr. Prime Minister and First Ministers, if we have to, if we are going to be serious about economic renewal and we are going to try to get the periphery of Canada involved in a more substantial way than they have in the past come to grips with our transportation policy in this country because the extremities especially Newfoundland and Labrador, I am speaking for Prince Edward Island and other places and the western Premiers have done a great job on it themselves in tackling this with the federal government, transportation policy when you are looking at Newfoundland as an island is very, very important. There are transportation policies now coming down, can I call it the

pipeline for want of a better word, coming down the pipeline which are going to inhibit our industry's ability to compete and we might even lose hundreds and hundreds of jobs over the next six months or year if these transportation policies go on. So internally we have got to streamline for the benefit of all parts of Canada transportation policy which does not go in the opposite direction from which we are talking about now as it relates to getting into the world market and a number of our industries over the next six months are going to be very severely constrained and hurt if internal transportation policies of the federal government are not amended to give us a chance to continue to export not only in the Canadian internal market but in the United States and elsewhere. I will pass it over to Mr. Windsor for a few comments to sum up Newfoundland's position on this whole question of trade.

HON. NEIL WINDSOR, (Minister of Development, Newfoundland): Mr. Prime Minister, Premiers, I was going to say Newfoundland is overwhelmingly oriented to export trade. Our resource-based industries live or die on export competitiveness. This competitiveness is not easily gained. The people who make a living in our mines, our fish plants and our newsprint mills know through hard experience the adjustments that must be continually made to ensure our place in international markets. They have suffered from lay-offs and have foregone pay raises while essential modernization takes place. They and their employers must constantly meet international standards of quality, price and delivery. The challenge of meeting these international standards must be

taken in all sectors of our economy. Productivity improvement and infrastructure development are two long standing objectives of regional development in Newfoundland, a highly skilled adaptable work force and a receptive climate for investors are two other sides of export competitiveness as well. By meeting our goals for export growth we will go a long way to meeting our overall objectives to provide employment and growth in our economy. There may be those who say we do not have to accept the competitive world of international corporations on markets but I say to them that no government in Canada is large enough or powerful enough to play the protectionist game with the U.S., Europe and Japan. It is in fact a game which we will lose.

Some of our import policies do provide sensible safeguards in the face of short-term problems and unfair trade practices by our trading partners. Indeed no one can ignore the importance of these measures. We would be fooling ourselves and ignoring our responsibilities if we did not face head-on the adjustment of our protective sectors to a competitive world. The expedient of delaying adjustment measures is a false security which will undermine the more important objectives of export trade expansion. As equally important as export adjustment programs is the aggressive pursuit of market access with our trading partners.

Mr. Chairman, the province of Newfoundland supports the efforts of Canada in every forum available to reach multilateral and bilateral agreements on freer trade. We must renew and enlarge the GATT commitment to multilateral trade liberalization.

We must pursue discussions with the United States on market access on whatever basis we can. The important object must be to reverse the trend towards protectionism in the States and our other major trading partners.

Indeed, Mr. Prime Minister, all of us around this table have had to consider the effects of a variety of countervail and other measures in the United States affecting over a dozen sectors in the past few years. Those of us whose economies also depend on sales to the EEC have realized the frustration of accessing that large market and we all realize the importance of these growing trade potential of Japan and the Pacific rim.

We in Newfoundland have our own specific targets for improving our market access. Fish products for example did not benefit from the tariff reductions reductions of the last GATT round, as the Premier said, and indeed still face stiff tariffs for secondary processing as well as many other tariff and non-tariff barriers that do not exist for other categories of goods.

We seek a national commitment to lead to a greater liberalization of fish product exports. Similarly, every province and region of Canada can identify obstacles to their exports which can and should be removed through effective trade negotiations.

From the issues of competitiveness and market access I would like to turn to export promotion. A large part of being able to compete in export markets is knowing the market and bringing our products to that market. We cannot afford to be anything less than first class in this effort.

Ministers responsible for trade have identified a number of joint measures we can take to harmonize our export marketing in response to exporters needs. In the coming weeks our governments need to finish the job by fine-tuning identification of markets to find new exporters and to acquire and adopt new technology for export industries. We want to work closely with you to make the Export '85 program work.

As we focus on export marketing and improving market access let us strive as well for a balance strategy, one which seizes the opportunity to find new markets for new products, but does not ignore the traditional products and traditional markets. The export of wheat, newsprint, lumber, coal, fish and potatoes to the United States, Europe or Japan may not excite those who worry about balance of trade in manufactured goods, but it is bread and butter for millions of Canadians and thousands of communities in every province of Canada.

Finally, we must not forget that export

marketing and awareness may be needed most by the small business sector, where knowledge of international markets and business practices often seems out of reach. All of our programs to promote exports, including export financing, must be available to all of our exporters big and small, whether they ship subway cars to New York or salt fish to Nigeria. On this last point, Mr. Chairman, we are pleased to see that the export financing programs of Canada are under review. Exporters in our province have had very poor access to the services of such agencies as the Export Development Corporation and this must change.

We find that the interests of two broad groups in particular are not being served, of smaller business in general and of exporters of resource products.

Speaking for fish exporters alone, they have not had the support they need to expand into new markets. These new markets are often in Third World or East Bloc countries where export credit and insurance are vitally important. Even in our international markets we must be able to compete with our trading partners who offer better export financing to their fish exporters. We are well aware of the differences between shipping manufactured equipment and perishable food products, but they have equal merit in our eyes as export earners and should be treated equally as well.

Mr. Chairman, in summary I hope that First Ministers can reach a consensus today on a trade policy and export marketing strategy that focuses on three main objectives. Firstly, to make export competitiveness a key element in our economic recovery. This must include a

determined program of adjustment to reduce the need for protection in Canada.

Secondly, to pursue market access through vigorous participation in multilateral and bilateral trade liberalization negotiations. We must focus indeed on our interest in freer trade with the United States and include resource products such as fish in the liberalization process.

Finally, to have a balanced export marketing strategy which meets the needs of both large and small business and reflects the regional diversity of Canada's export products.

Thank you, Mr. Prime Minister.

THE CHAIRMAN: Thank you, Mr. Windsor.

I return to Premier Bennett, please.

HON. WILLIAM BENNETT: Thank you, Mr. Prime Minister.

Everybody here is turning into a salesman and my brother who is in business has always told me that politicians are the best salesmen in the world. He says because anyone can sell a good product.

So I think it is important that politicians, government leaders, do travel abroad, do lead trade missions and do co-ordinate industries present, because we are up against some pretty sophisticated processes in the countries of the world with which we compete. The relationship between government and business in Japan, their giant trading companies, is awesome compared to how we try to combat them in a trade way. Looking at the relationship of government with business in co-ordinating their efforts

is probably done with greater sophistication and technique everywhere else but Canada and that is why I have always proposed that government in Canada provide greater opportunity for working together.

Now, some of my ideas in this area, Prime Minister, are at odds with my colleagues around the table, because I have always felt that in our country selling abroad people understood Canada perhaps, but it was difficult to understand its many parts and, therefore, I have always tried to work -- have always worked through the embassies, through the Trade Department and resisted opening provincial offices.

However, with the new thrust on trade, your new policies of opening the door and for investment, we must increase our efforts as a province abroad.

Now, just as British Columbia doesn't want to go outside the federal-provincial tax collection agreement to do things if you won't administer them for us, so too I don't want to open provincial offices, but I do have to have for our province British Columbia salesmen abroad, people who understand our products and our province.

I have suggested to your Minister, the Hon. Joe Clark, and at many times that British Columbia put B.C. desks into the trade side of your embassies and key consulates in our key market areas. I think it is important that you rather than shut us out and force us to open our own offices, that we draw the Canadian circle wider in this area of co-operation, that we provide a Canadian presence so that in Tokyo and Japan with inside the Trade Department there is a B.C. desk paid for by us

with the services, but it is not your trade officer, it is not a bureaucrat, it is a salesman from British Columbia, because what we want are salesmen abroad who will help our business community, help us attract investment.

I put that forward because it could be a very significant agreement and a very major breakthrough. If we are going to continue this working together within the country then for goodness sake why don't we work together outside the country?

I put that forward, Prime Minister, as a very significant example of the type of things if the spirit of this conference is going to continue by agreements that work, then agreements must be made between us that allow us to work together and that is one such opportunity.

THE CHAIRMAN: I received an enquiry from a European head of government the other day. In a very friendly way he said, "Well, what have you guys got going on over here?" I said, "What do you mean?" He said, "Well, you have got more embassies and delegations and quasi-embassies than you can shake a stick at." I said, "What's wrong with that?" He said, "We don't know which way to turn," he said, "I haven't got enough civil servants, high-ranking civil servants to keep track of you guys." I said, "Well, you know, Canadians are like that, we like a good convention." He said, "Well, you are holding a real big one over here in one country."

He invited us quite frankly in the interests of his own relationship for us to re-examine the thrust of

that on the commercial side. I told him that it would probably come up today and it did. Thank you.

HON. WILLIAM BENNETT: Thank you, Prime Minister, because I think it is important. There are four key areas in the U.S. where British Columbia market and investment areas that are important that we get access, Europe and of course the expanding Pacific rim where we already have a travelling presence.

I would suggest another thing to you and I am not asking you to increase your staff at a time you are cutting back, but we need additional Canadian representatives in some of the key areas of the Pacific rim. Having visited a number of those markets and a number of those embassies, we have got good people, good trade officers. They could use some assistance. Some could be provided federally, but I think others could be provided by the provincial initiative that I put forward today.

Now, the second area of co-operation was introduced by Premier Lougheed and picked up by Premier Miller and others and that is a policy in which there is consultation in advance before we go into negotiations on the next round of GATT.

I think all provinces should be involved. Premier Miller says a co-ordinating officer on the federal level and that may be one of the things you can do, but you know, I think our people have got to be seen to work together to find out what would be traded off. When Premier Miller brings up a very real problem of a community, a person. I think the rest of us would like to have our

people there understanding what we are talking about, what the ramifications are for you and your province and your towns and your industries when we offer solutions that would assist us to gain market access which is denied us.

I think there needs to be some level of meetings in which the provinces collectively meet with the federal government before it is co-ordinated. I think we need that understanding. I also think the Canadian people should better understand the importance of GATT, not just duties and not just quotas that often operate outside the system, non-tariff barriers which we faced in Japan and try to access our agricultural products, cherries, fruit from the Okanagan and those sorts of things. I think we should do that.

Now, the western Premiers have written a letter to your government, Prime Minister, suggesting that now that the world seems to be moving towards a new round of GATT negotiations there is always a meeting of ministers of the countries that are involved and it is held in different countries all the time and I think if Canada started to work they could get such a meeting held in Canada and my colleague, Mr. Phillips, on behalf of the western Premiers wrote your government and suggested that if you did that that such a meeting be held in Western Canada and right now I would be presumptuous enough to go even further and suggest it be held in Vancouver in British Columbia and having that meeting take place in Canada would assist all of us that our people understand the complexity of the problem and what

we are trying to do. So I urge that co-operation as well.

One final thing on trade, because most of the topics have been covered. Trade goes along with the other service industries and other areas in which trade is developed. Today we have talked of service areas and we have talked of industry and we have talked of agricultural products and we have talked of resources and nobody talks about the one ingredient, the glue of that international ingredient and that is financial centres and money.

There is an international financial community that goes far beyond our own banking system. There is an international financial community that is present in Europe, it is present in Hong Kong, it is a lesser way in Singapore. It is present in Switzerland but there is -- there is an international financial community in New York. There is no international financial community to that extent operating under a different set of rules, but bringing that type of capital to our country. There is no international financial community operating within this country taking advantage of decisions being made here and bringing back capital and quite frankly large pools of capital have left this country for no other reason than they operate in the international financial climate. They operate under -- out of Switzerland -- not in an illegitimate way, in a very positive way for financing international projects. They operate then in the comfort of international currency agreements, but we don't have that. We haven't allowed it. We have proposed that your government, the government of Canada, take steps to bring an international financial centre to Canada. We have suggested from our own perspective because we view the Pacific rim, that a financial centre in Vancouver could take advantage of some of the uncertainty in the Pacific rim. Many people today talk about China and its great future as Premier Lévesque has but that future would be clouded if they changed their political system, the political leadership which has brought this about. There

are political shifts that change world events. That still creates an uncertainty for Hong Kong's future no matter that they have an agreement and I think there is enough over time Canada having an international financial community, secure in North America's political and financial system could attract slowly and steadily capital from more nervous areas. It is a very important aspect. As much some would deny it you are not turning the country over freely to the international money people. You are really getting an additional dimension to assisting us in our international financing and market development here in our country. I would suggest most strongly, Prime Minister, that we have done a lot of work, we have done a lot of work with some of the people from your government, your ministers, we talked to your Finance Minister on this. I would suggest this is another key additional element when we are talking about international business that extends to money as well. Thank you.

THE CHAIRMAN: Thank you, Mr. Premier. You are right we have touched on a lot of the specifics this so we can move a little more quickly. We are trying if possible for a luncheon cut-off which would allow us to have a luncheon meeting and then come back with whatever concluding statements we have and hold to our timetable pretty well. Premier Buchanan.

HON. JOHN M. BUCHANAN (Premier, Nova Scotia): Thank you, Prime Minister. First of all I note that Premier Bennett mentioned earlier Expo '86 and you also mentioned Expo '86. I want to inform everyone that we are still negotiating the booth at Expo '86 for Atlantic Canada but I want everyone to

know that the Ambassador of Goodwill from Nova Scotia, the Bluenose, will be present at Expo '86. In fact, the captain is in Vancouver at the present time looking for the best berthing spot to make sure that everyone will see the Bluenose so it will be there. One of the problems is the deep water. It is quite a big ship, you see. One of the problems that we normally have with the Bluenose is that there will probably be the normal thousands and thousands of people lining up to go for a sail on it, so in order to accommodate them, Premier Bennett, I suspect we will have to have a booth of some kind out there. Maybe what we can do instead of ...

THE CHAIRMAN: You will have a pavilion.

HON. JOHN M. BUCHANAN: We probably would need a pavilion if there are thousands of people who will want to go aboard the Bluenose but we will offer you a free sale on the Bluenose if you look after the expenses of the pavilion for us. Seriously, we hope we will be able to arrange that there will be a presence other than the Bluenose at Expo '86 because I have no hesitation in agreeing with Premier Bennett and with the Prime Minister that this will be Canada on display. This will be Canada seen by the world and I suspect it would not be fit or proper that Canada be on display without the most important part of Canada, the Atlantic provinces, which after all, we were the first part of Canada, the first to come into Canada.

First of all, Mr. Prime Minister, I want to congratulate you on what I thought was probably the best

comments I have heard on salesmanship of Canada and international trade in the years I have sat around a table like this and listened to people talking about Canada and our entrepreneurship, our salesmen, how we can sell. It was an excellent speech and there is no doubt in my mind that you should, I agree with the others, you should travel this world and sell Canada because if you could do as good a job as you have done here today you will do very well in the world markets. It was an excellent speech and I just want to suggest to you, sir, that when you do go around the world selling Canada, just remember that part of Canada, Nova Scotia, where you had your political start.

Also, I want to congratulate Premier Lougheed, his speech also was excellent. We do not have any difficulty in agreeing with much of what you said. Free trade, you know, is something which is historic in Nova Scotia pre-1867. So we agree that -- we also have great faith in Canadian entrepreneurship. We have great faith in the skills of our work force. We believe that there can be a co-operative approach, that government, business, management, labour can co-operate and work together and this is a good example of it here. We have been able to work together for the last two days and people will appreciate that. They recognize it. So we have been successful and I am quite sure that the ingredients in addition to entrepreneurship, skills, co-operation and productivity will work and we can and we will be able to get into the world marketplace and I don't have those great fears about the two-way street that we could be hurt because I think the entrepreneurship of Canadians has

been proven in the past so you are a great salesman too, there is no question about that. I think you have sold -- I shouldn't put it that way. I was going to look to Ontario a little bit, but I just want to remind the Premier of Alberta that as he goes to various parts of this world displaying his entrepreneurship skills and his salesmanship remember that his mother was a Nova Scotian

I should say to Premier Lévesque that the first Canadians were the Acadians of Nova Scotia.

M. RENE LEVESQUE: Are there any left?

HON. JOHN. M. BUCHANAN: Quite a few.

Mr. Prime Minister, to the people of Nova Scotia trade is the basis for most of the prosperity and employment that we do enjoy today. For centuries Nova Scotia has based its prosperity on trade. Today we are not less dependent on trade. In fact, I suspect in the statistics over 70 per cent of everything that is manufactured and produced, processed in Nova Scotia is exported. We export fish products, coal, other minerals, manufactured goods, tires, rails, pulp, paper, agricultural products to Canadian domestic markets but most of it to the United States, some to Europe and some to other parts of the world but to keep those markets and gain access to new markets we must become more competitive and must have an aggressive joint marketing plan. So we are very pleased today, Mr. Prime Minister, that the paper was tabled today on our behalf and I want to make a few comments on market access.

Historically, as I have said, in the years

before confederation, Nova Scotia enjoyed a great measure of prosperity because we did have access to the American market. Our economic position in Canada started its decline when we lost that access to the American market. Pre-confederation days I am told many hundreds of ships would be in Halifax Harbour at any one time. We had a great coastal trade with the northeastern United States and it was all free trade with the northeastern United States and the transportation mode of course at the time was by sail, by sailing ships. We believe that that could occur again. We will have the ocean. We still have the vessels that we could provide for coastal trade to the northeastern United States. Free trade was good for Nova Scotia and it was good for Atlantic Canada back in those days and we don't really fear the so-called price for free trade, the two-way street because again I am convinced that Nova Scotians and Atlantic Canadians generally can compete and very successfully compete in the northeastern United States. We do have the products, we do have the skills, we do have the entrepreneurship and sir, with your salesmanship I think we have got the ace card going for us. There is no doubt about that so we don't fear free trade. We believe it would be a very, very good thing for Nova Scotia and for Atlantic Canada so we favour a new Canada-United States trade agreement much broader than a sectoral free trade approach that effectively counters future trade restrictions.

Mr. Prime Minister, we have in Nova Scotia recognized and appreciated for many years that our best and friendliest neighbour is the United States of America and we

must maintain and strengthen our ties with the United States. History has taught us that. Nova Scotians do not agree that those who say that our sovereignty is at stake if we have such a thing as free trade with United States. That in our opinion is wrong, it is fallacious and history proves that it is wrong. Where else in the world do you find two countries living together with thousands of miles of border not protected where you can move back and forth across those borders with ease? It just doesn't happen anywhere in the world today. So we don't fear this talk about sovereignty take-over. No such thing has happened, nor will it happen, but free trade does mean jobs for Nova Scotians and historically it means jobs for Nova Scotians and we certainly believe that we should move very, very quickly and expeditiously at more free trade arrangements with the United States.

As part of our efforts to better manage bilateral trade we should carefully consider our profile in Washington. Much mention has been made for the need for better information flow regarding your trade measures. We should also look towards a more sophisticated and coordinated lobbying and public relations presence in the United States involving both levels of government and business interests.

Nova Scotia believes we agree with comments that have been made by some of your Ministers that there could be a provincial presence working co-operatively with your Consul Generals in some countries in the world and particularly in the United States. We have had an office in the United States for years. We are going to strengthen that office and we are going to move it to an area where it will be central to the greater northeastern United States trading area.

Mr. Prime Minister, in expanding our access to European and Japanese markets we certainly must seek to extend the coverage of the GATT, particularly to enhance opportunities for upgraded resource exports.

Emphasis must be placed on competitiveness in trade activities. This is one of the very important parts of our policy in our white paper I mentioned yesterday on economic development, building competitiveness. Our concern for competitiveness has led us to review our taxation policies and training policies. It has led to better interdepartmental co-ordination in trade promotion, to closer links with our New England trading partners and in that vein the Eastern Canadian Premiers and New England Governors are sponsoring their second Business Opportunities Conference in Hartford, Connecticut this April.

The first conference took place in Halifax last year, identified a significant number of obstacles to trade growth across the border. It was a most successful conference and anyone who participated would agree with that.

In Nova Scotia in recent years we have seen the rapid growth of a technological based industrial sector that has appeared beside our traditional export industries. Opportunities in marine communication, electronics, computer software and aircraft parts have provided employment in communities from one end of the province to the other.

In Nova Scotia we feel we must address these new opportunities alongside our traditional export products in a comprehensive way. As a result a trade development authority is being established which will assume overall responsibility for co-ordinating all provincial trade activities and initiatives.

The goal that we have is to double our exports within the next five years and that will mean 40,000 new jobs. Jobs are the end result of new trade initiatives and we recognize that historically and at the present time.

So, Mr. Prime Minister, in conclusion I want to repeat that achieving a national trade strategy and joint marketing plan is good news for Nova Scotia and we believe for Canada. We look forward to the challenge of implementing the points laid out in that document.

THE CHAIRMAN: Thank you, Mr. Premier.
Premier Pawley.

HON. HOWARD PAWLEY (Premier and Minister of Federal-Provincial Relations, Manitoba): I am pleased to see the direction in which this discussion is proceeding and the recognition that trade is indeed a very, very important factor in ensuring economic renewal in Canada

as a whole and I share with others that you have a very important role to play in that and in fact anyone that can do as well as you did on September the 4th I am sure can do extremely well worldwide. So, Mr. Prime Minister, in case there is any doubt as to my position, I would encourage you as well to help sell Canada in the world community.

There are a number of areas that I wanted to touch upon that are very -- from a Manitoba perspective, first and foremost I wanted to comment just briefly on Premier Lougheed's references to free trade. I don't believe that there is the gap in view around this table as it may indeed have been thought existed in respect to this area. If we are talking about moving towards freer trade and moving in that way by sector, first examining of course the ramifications that may occur with respect to two different areas of the country and some disadvantaged areas of the country that depend upon certain industries that might indeed be affected by too hurried a movement towards free trade, so, Mr. Prime Minister, our position would be freer trade, a sector-by-sector analysis and gradually proceeding towards freeing our borders.

Insofar as the United States is concerned, we have had an excellent relationship, Manitoba with the midwest with the exception, Mr. Prime Minister, these last few days of the State of North Dakota over Garrison. We have had an excellent relationship especially with the State of Minnesota and we will be leading a trade delegation to Minnesota in the next week to ten days.

There has been a great deal of market from Manitoba to Minneapolis - St. Paul and of course highlighting that has been our success in negotiating important hydro contracts that will involve major sales of hydro-electric power to Northern State Power, to the State of Wisconsin, all important I think from the view of Canada's balance of trade and certainly crucial to the economic health of the province of Manitoba.

In saying that I think that Premier Bennett is quite correct insofar as the tremendous opportunities that exist for us in the Pacific rim area and I would like to reinforce a comment that was made in respect to looking at the various trade offices. I have an impression from my observations that there are target areas that are understaffed presently insofar as embassies are concerned, other embassies that may in fact have been very, very important in the trade area a decade or two decades ago that in fact may be over-staffed at the present time, so I don't think it is a matter of new, additional staff. I think it is a question of reallocating staff to reflect the growing needs and changing circumstance.

I want to specifically make reference to China, one billion people, a country that is obviously on the move, a country in which they are looking east and west and in all directions for technology, for investment. I would say that that is a trade office that needs to be beefed up, because there is an opportunity that exists there at the present time that I think we can take advantage of.

Also I think this topic relates very closely

to our discussions of yesterday about economic strength. I don't think there is any point in any one of us going out to try to sell our individual provinces by a shotgun approach. I think the approach has to be very strategic, has to identify the particular strengths that exist within our individual regions and provinces and then we proceed to sell our provinces, our resources, those areas that we identify as strengths in those parts of the country that have real need to couple, to match up with our strengths and, for example, Saskatchewan has done a very good job in respect to that in the past and in regard to potash we hope to do likewise because of the potential that exists in our province for a major potash development.

The entire question of technology, there are some parts of this country that can provide an opportunity to Third World countries by way of technology. We have to go out and sell it. In Quebec I credit Quebec in having got its foot in the door first. I believe several years ago in respect to Quebec Hydro and the opportunity to participate in that Three Gorges project and I believe you have an office in China that I find we now have to compete with in order to ensure that we can get some expertise there, but you have shown leadership and shown that in fact we have the expertise in Canada, hydro-electric that we can make available to countries such as China that have tremendous potential for hydro-electric opportunities.

HON. RENE LEVESQUE: If time weren't of the essence I would repeat your last passage in French.

HON. HOWARD PAWLEY: I wish I could repeat it

in French.

The telecommunications is another area. We have entered into contracts with Saudi Arabia in respect to providing expertise from the Manitoba Telephone System subsidiary, the Manitoba Telephone System. Exporting our expertise bringing dollars back into Canada, so this entire field of technology is one that we have barely scratched at the present time.

I have an impression, Mr. Prime Minister, that may be quite wrong, that Japan has moved faster than we have in providing technology, to provide expertise. China and other countries are looking very much to Japan. We have tremendous goodwill in those countries, but we are going to have to run to catch up, to seize the opportunities that are presented to us in the Pacific rim, other Third World countries. The world is waiting for us in that respect.

The other area I want to just comment very briefly upon, because I think it is important to our discussions yesterday, that our monetary policy is very important to our trade policy, a policy that would result in higher interest rates. Bad? The lower Canadian dollar I think has been good as far as our trade exports are concerned. It has made us more competitive insofar as the world scene is concerned. So I would hope that insofar as any monetary policy is concerned that that would be considered, reflected upon very carefully by the federal government.

One final item that sometimes we take for granted and we ought not to, and that is the field of export of agricultural goods. I sense that in the Pacific rim that Japan that has looked to us for many of its products

is now looking elsewhere, some of it because of the fierce competition from China and I specifically make reference to agricultural products like buckwheat, kanola and our need to be very much on top of this situation from a point of view of agricultural products. We are trying, with some limited success, to enter into the Japanese market with respect to turkeys. It is a pretty tough job because culturally there hasn't been an appetite developed for turkeys in Japan, but it is developing.

I think that these are areas that we ought to by way of the agricultural opportunities that exist in Canada examine, take an inventory of where we can make greater headway insofar as agricultural exports and not take it for granted.

So in summation, the importance of jobs the area of trade, our monetary policy, must be examined closely in relation to our trade policy weighing closely the various ramifications, freer trade rather than necessarily free trade. I believe the gap is a very small gap around this table in respect to the direction that we should proceed. Joint co-operation, federal and provincial and we have found as a province wonderful co-operation from the embassies that we have had contact with and participated with. It is important to continue that. In fact, with all due respect to those provinces that have houses in various centres, I am not so sure, Mr. Prime Minister, that as much or more cannot be achieved by working jointly and co-operatively with the federal government with their individual embassies. That has been our experience and I would just like to reinforce that but in so doing I would suggest that you examine some of the trade staff that exists in those embassies, beef them up where necessary to meet the changing circumstance and probably in some other areas you can successfully reduce the staff and redirect some of the staff where the need is the greatest.

THE CHAIRMAN: Thank you, Mr. Premier.
Premier Hatfield.

HON. RICHARD HATFIELD (Premier, New Brunswick):

Prime Minister, I think this is a very important subject and a very sensitive one from the point of view of the people of New Brunswick. I would like to say first of all that the government of New Brunswick is in basic agreement with the initiative taken by the ministers responsible for trade at their meeting in December which you referred to.

I also want to emphasize that I was quite encouraged by the initiative that you have demonstrated or you announced that you are taking as Prime Minister and as the government of Canada. So I think it is extremely important and I have always believed that as far as trade is concerned the responsibility, international trade is concerned, the responsibility has to be with the government of Canada and I think that it is critical that however again Canada doesn't mean a certain part of Canada, it means all of Canada, and it means encouraging the trade of products from New Brunswick as well as products from Ontario so I think that this is a very sensitive subject as I said in the beginning because, as the Premier of Nova Scotia said, we are great believers in the Maritime provinces in free trade and we prospered but the first national policy of this country, I am going back a long way, the first national policy of this country took the advantage away from us in the name of protectionism of another part of the country. I am not sure that we have recovered from that as yet.

We have demonstrated, our people who are involved in trade have demonstrated that they can succeed but our fish processors, our frozen food people, or shipbuilders,

in sardines, nobody can touch us in the world in that area but the fact is for example in my own constituency the potato farmers using the elements of quality and superior service were able to have great success in the U.S. market and all kinds of devices were used to frustrate their capacity to in fact sell their superior product to an American customer. I think it is important that as the government of Canada the initiative you have taken at improving relations between Canada and the United States is very, very positive and very good from the point of view of the people of New Brunswick but it is important that the dialogue be improved on a regular basis to prevent the kind of thing that happened with regard to lumber and with regard to potatoes, to prevent the growing interests of protectionism because of certain areas of the United States having problems with their employment problems as we are in Canada, but the beginning is for the government of Canada and the government of the United States to demonstrate that they are committed to working closely together.

The question of free trade has been raised. It has been raised and it has been discussed and I want to say, Mr. Prime Minister, on behalf of the government of New Brunswick, I am not afraid to discuss it but I am aware of some of the areas that may cause difficulty for manufacturers and people in the service industries in New Brunswick. I am afraid of some of the arguments for example that were used against the potato farmers in New Brunswick in the argument to try to raise a barrier to prevent them from going into the U.S. market. One of the arguments was that

they were subsidized by grants from the government of Canada and one of the subsidies turned out to be Medicare. The fact of the matter is a potato farmer in New Brunswick gets free medical care. A potato farmer in the United States does not. Those are the kinds of things which I think we have to explore and explore carefully. I think I agree with what I believe was the proposal of the Premier of Alberta that we look at it but I hope, Mr. Prime Minister, that we will do so as quickly as possible because as long as we leave this question, this very important question in doubt it is going to be very threatening to a lot of manufacturers who have made the adjustment and now have a certain degree of success and insecurity is always a bad thing in business. I think that leaving this question open for any extensive length of time will in fact threaten the capacity of our manufacturers and processors in New Brunswick to be as successful as they have been and I hope that, therefore, we will tackle it and we will deal with it, we have to deal with it in detail. I believe it is important but we should do it with a great deal of speed.

THE CHAIRMAN: I think that is an important point. I think also it is an interesting school of thought that I read about from time to time when, for example, free trade or other variations that have been mentioned and it raises immediate hackles, the mere mention of it because there seems to be an assumption in some minds the United States of America is sitting there lying in wait and it can hardly wait to make a deal with Canada.

HON. RICHARD HATFIELD: Nothing could

be further from the truth.

THE CHAIRMAN: We are going to have to fight like tigers to make any kind of deal with many of our trading partners because there is a view in some corners of this country that we are so good and we are so smart and our products are of such high quality that all we have got to do is say "If you are nice we are going to let you buy something." "If you are really good we might even sit down and try and cook up a trade deal with you." And the guy says "Thank you very much. Good bye." I have got 15 countries lined up here, higher quality more reliable delivery and higher productivity. Maybe we will talk turkey with them." I think we are going to have to be prudent, make haste but with prudence as the Premier suggests. I think we also want to dispossess ourselves of the view -- that is pretty far-fetched for anybody who knows what is going on -- not the Americans or anyone else, they are not down on their knees waiting for us to please come and make a deal with them. They might in the interests,^{of} self-interest and mutual friendship along with others be interested in looking at a hard-headed business deal but it has got to be good for them and of course it has got to be good for us. I told the President of the United States not with any pretension or malice and there was a reason for it. I said, "You know, when you get up in the morning you are a real lucky guy, you have got us as neighbours. You should thank the Lord for that, having Canada as a neighbour." I believe that but the reverse also is true. There is something to be said for

Canada having this splendid market composed of by and large good friends who want to assure us of some degree of security, access to their markets of our products and the view seems to be relatively unimpeded. If that is good for Ontario, it is good for Québec, good for the Maritime potatoes, it is good for Saskatchewan and Alberta oil and British Columbia forest products and I think we all know that but I appreciate the Premier's view but I think they fit in in a larger scope as well that there is, as Premier Lougheed mentioned this morning, that there is a real tough world out there and negotiating trading arrangements is the litmus of how good we are and not necessarily how good bargainers we are. That is important, that goes without saying, but what are we going to bring to the table? There has to be opportunity on both sides so I thank you, Mr. Premier, for that. Premier Lee and then Premier Devine.

HON. JAMES M. LEE (Premier, Prince Edward Island): Mr. Prime Minister, I do want to say my fellow colleagues from the Maritimes, Nova Scotia and New Brunswick certainly have our views very close to theirs when they talked about free trade, the free trade issue in the federal paper that has offered us three options as something that is worthwhile. I think that Alberta has very properly said this morning that we as First Ministers should be prepared to sit down and discuss these three options, whatever our consensus might be so from Prince Edward Island's point of view we do want to say that we do want to sit down and share in that discussion and that participation, discussion of free trade because it is important to the Maritimes. It has always been

important to the Maritimes, but each province, Mr. Prime Minister, certainly will have to assess the impact that free trade will have on our province and on Canada in general, but we do have to be involved whether we want free trade or freer trade, and as Premier Hatfield has said, we have seen some situations that have not been in the best interests of our potato producers in the Maritimes, Prince Edward Island in particular in recent months as well our manufacturers and producers certainly have had some difficult times as well.

Dealing with the international trade and certainly I want to pick up on what Premier Bennett has said from British Columbia, his comments about the embassies. I have had the opportunity to experience and work with the embassies in Hong Kong and Japan and I do want to commend the federal government for this service that is available to us and the role that they play in assisting provinces in the foreign markets and the foreign countries. But I think as well there is a proposal put forward here today that we should look at and that is the trade offices, the possibility of these embassies working closer with the provinces and maybe even housing some of our people as trade commissioners representing the provinces as they go forward. But I do want to say as well on free trade that international trade in particular that this has been our lifeline international trade as far as Prince Edward Island is concerned. For the past 150 years we have been very active as a province and as a part of Canada in the international market. I do want to make the comment as well to my colleagues around the table here, even though we are the smallest of the Canadian provinces, it may be astounding to know that Prince Edward Island last year and in recent years has been trading in about 53 different countries around the globe on an annual basis. So we are active, we are out there as well and from the point of view of small is beautiful, certainly 53 countries around the world is nothing to shy away from. This has been centred around our ability to produce good seed potatoes, table stock potatoes, our fishing industry and many secondary industries as well.

I think, colleagues, that we have to be serious about international trade. I think we have to set a climate for our business people to get out and to be competitive. I think we as governments set the rules more or less how these businesses operate, so, therefore, I think the onus is on us to assist them and to help them to open doors, to get into the marketplace so that they can be competitive and at least get to the table anyway to see if they will be competitive.

I agree with Premier Lougheed when he indicated earlier today that the world is changing and I certainly have seen that in my travels and we must be constantly out there. We must be in the marketplace week in and week out with our products, with our aggressive salesmanship, because the trends are changing. Every country around the world is out there. It is a dog-eat-dog more or less market that you have to compete in and I think that we have to be aggressive promoting our goods, but I think we have to do it in concert with one another and in co-operation with one another and I feel that the federal government, the federal foreign offices and the trade offices have a major role to play here in working with the provincial governments, but in particular working in the private sector and the small businessman who is trying to make it out there, because he can't do it alone. He needs the arm of a government. Provincial governments can help, but I think collectively federal and provincial governments can do a much better job.

THE CHAIRMAN: Thank you, Premier.

We had a great lead off by Premier Devine our

host yesterday and unless I am mistaken I am calling upon Premier Devine to conclude our fourth agenda item, after which we will adjourn for a working lunch and then return here this afternoon for concluding statements presumably and then press conferences and then we are on our way home.

So I want to ask Premier Devine to be our final speaker on this one.

HON. G. DEVINE (Premier, Saskatchewan):

Thank you, Mr. Prime Minister. I will try to be as brief as I can. Mind you, I am excited.

If I had looked back -- five years ago if I had thought we could have done this in Regina when I was seeking election and working with Bill McKnight sitting behind you to try to change the direction of Saskatchewan and the country I couldn't have wished for anything better than this. I mean this is like waking up five years into the future and saying it's here, it's happened.

I want to congratulate you, I mean many have, but I want to say to you something that

I believe is important and many have touched on it. When you were talking about jobs and the fact that they come from trade, it is such a different attitude than the attitude that has been going on all over this country for years that, sort of the old myth "I am from the government and I am here to employ you, everybody is going to work for the government and it's going to be okay."

Well, we tried that. We tried it in Canada and we tried it in various provinces and it is about to break the federal treasury because they are not sustainable

and your discussions this morning when you would relax here in the middle of Saskatchewan and give her just a little bit of a run and say, "Did you know all of these jobs come from doing business with our friends around the world?" That is extremely important because it is a brand new attitude and once more it is accurate. So once more I congratulate you and I hope you do it often.

I also want to congratulate the Premier of Ontario for his offer to reduce inter-provincial trade barriers. I think that is extremely important and his offer to move towards freer trade and lower tariffs, because I think that Ontario and Quebec particularly can take the lead in that in helping us to move towards freer trade and it may be popular in Toronto to say, "I am proud to pay more to be called a Canadian," but if you walked down the streets of Estavan and you said that, the guy would say, "You are probably from Ontario," because he shops in Minot every once in a while and finds out what the international price is and so it comes at a cost and at a price and Frank Miller said at some price. Well, that is the question. So I think he has hit the nail right on the head.

I have three or four very brief observations, Mr. Prime Minister, and I would love to talk on this for a long time but obviously I can't and I won't.

I believe, as I said at the outset, that you have and we have a new role for Canada to play in the international world with respect to the promotion of free trade. I think we are expected to do it. I think that we have the responsibility to do it for a large number of reasons and I will give you several in a minute, but the

immediate alternative is to rely on size or pure politics to do business internationally and I think it was Sylvia Ostry the other day on television and I watched her on A.M. Magazine or something and she said "If we don't get into free trade and promote it more and more we are going to have to rely on how big we are and how powerful we are and that is going to be the U.S., the Soviet Union, the EEC and perhaps Japan and then where will Canada be? Because we can't rely on quality any more or skill or price because they don't count." Well, I think, Mr. Prime Minister, for one very, very good reason you have got to hit the road as it were and take that role and say that we can add, for many, many reasons the development of the world, developed and developing, by taking a freer attitude with respect to trade.

Now, I would like to join with Bill Bennett and Peter Lougheed and my colleague the Premier of Manitoba in suggesting that you host, we host the new round of GATT negotiations particularly with respect to Ministers getting together and talking about multi-lateral trade. I think this country is waiting for that sort of bold move and Peter talked about being bold enough and having the courage to go out and say, "I can do it as well as Americans." Well, I don't know anybody in Saskatchewan that is so timid they don't think they can take them on.

The cost of being timid is very high and I want to touch on it. I am going to give you four or five reasons why we really lose if we don't have the courage to go for it.

You mentioned productivity. If we open up our borders to more trade what we will do is reduce cost for many of the things that we use in production.

If we build behind our tariff walls our costs go up and if you are looking at agricultural chemicals, if you are looking at a lot of other things we use in processing and manufacturing and the resources we have, if

you want to be more competitive, trade more with people around the world then your costs will go down. That means jobs. That means you have to import or else produce at that same price that you would import, but it helps reduce your costs.

Secondly, the standard of living. If you were sitting in your living room today watching television and saying, "What is in it for me for trade?" I can tell you right now that when you are buying clothes for your family, tables and chairs, electrical appliances and so forth and in many cases we will pay up to 30 to 50 per cent more than we should because we haven't decided to trade. So if the mothers of Canada are looking for a reason, a justification that you have been talking about to get out there and move towards international markets, it is to reduce their cost of living and supplying the goods and services for their families.

Then you look at jobs. Our research and my discussions with the people in GATT and the OECD and others and the evidence is there and I will table it and you can look at it. We don't save jobs by undue protection and by long-run protection. In fact, the evidence is showing that we lose jobs because those industries will

have to quickly adopt the kinds of technology that would allow them to survive and to survive and really all you are protecting is a few unskilled positions in your economy. So while mothers of Canada pay more and more and more for their clothes or for their kitchenware or whatever, and farmers do, who is benefitting? That is the real question. If we have 1.5 million unemployed we could look at the alternative, because the costs are very high.

Fourth, when you look at countries like Brazil and India and we trade a lot with them in the potash and agricultural commodities and so forth, I can think of two very good reasons to expand trade with those. The developing countries from what I am advised in Europe are getting a little fed up with the developing countries because they are saying, "You have been a little selfish over the years. You talk about free trade but then when it gets into it and really dealing, you have got new rules and new gimmicks and tariff and non-tariff barriers and frankly you have exploited us to some extent." If we wanted to be one, moral, and just helpful and you talked about some of that, I think that we could talk more about freer trade with them and then too, if we wanted to be selfish it's in our best interest to help developing countries develop. As their income grows, you know what? They buy what we produce.

A country like Brazil has over 100 million people -- what a market. What a market. As we raise the trade barriers and take more of their oranges and more of their coffee and more of their leather goods and whatever they are their standard of living goes up and all of a sudden they want to buy our fibreoptics, they want to buy our oil products, they want to buy our potash, they want to buy this. So it is strictly development sense we should be out there reducing these tariffs because we help people which is just a good thing to do and secondly if you are selfish saying "I am looking after my people at home in my riding in my area, my country, "you should be going for it.

The fifth obviously is as I mentioned at the outset we just lose because we are not big enough if we don't get into freer trade. The United States and Soviets and the Japanese and the community will run right over us. Let me say, Mr. Prime Minister, that we have been waiting for a long time to have people come into Regina or meet any place to talk about the advantages of trade and growth and investment. I can just say in summary that the kinds of things that we do and the success that we are going to have in the future are going to depend on more and more and more of these kinds of meetings, wherever in Canada and outside of Canada with Canadians talking about what is successful. It is a new view about what works in Canada. That is what you brought here, a brand new view of how to be successful and it isn't just more government; it is government creating an environment for people in this country to build for themselves. Thank you.

THE CHAIRMAN: Thank you, Mr. Premier.

Je tiens à remercier le premier ministre Devine ainsi que tous mes collègues. J'ai entendu des interventions très impressionnantes sur des sujets vitaux et au sujet d'une relance économique au niveau national, relance qui, espérons-le, sera ordonnée et durable et équitable, non seulement au niveau national mais surtout pour nos régions et nos provinces.

So I want to thank all of you prior to lunch. I assume we will all be back after but we have concluded the formal part of the four-part working agenda and I have heard a lot and learned a great deal from the incisive observations. I can't agree with all of them but that probably works both ways, but most of all I suppose I was very impressed with the common desire to work our way out of serious problems knowing that the confidence that I have always felt in Canada that this country can do better and that it will do better when the important factors in our society, groups in our society work together more closely. I have been very impressed with the intensity of your commitment to doing things together and doing them better because what it is all about at the end of every day as far as the government of Canada is concerned anyway. In my view what it is all about whether it is Item 1, 2, 3, or 4, or any combination thereof, they have value only if we can put together that kind of package that creates jobs and opportunities for our people. It is all about jobs and it is about opportunity and it is about growth and new wealth and that is what it is and taking people off unemployment insurance and getting them back into a productive life cycle in Canada. It can be done so I think that the ideas were not only eloquently expressed in many ways but I think they speak to some hard realities the kind of conversation that I enjoy, an area that is so vital for all of us.

-- la question fondamentale à la base de tout mais on le sait si on ne le savait pas avant maintenant. Moi je le sais, j'en suis convaincu que dans un état fédéral, ça prend un degré inusité de collaboration. Un degré de collaboration historique pour que les partenaires puissent travailler ensemble et que nous ayons ce degré de concertation qui permet des débouchés sur de grandes choses.

Thanks to all of you. Bon appetit.

We will resume at three o'clock.

--- 1:10p.m. - 13h10

--- 3:10p.m. - 15h10

THE CHAIRMAN: Colleagues.

Mr. Levesque has referred to a speech that I made in Sept Isle last August and in which I made a commitment to work with my provincial colleagues to try and improve the process and bring about results and to go -- try and develop a mechanism whereby we could ensure ourselves of ongoing consultation and more productive results, but inasmuch as Mr. Levesque made eloquent reference to the speech, I went back and read it again and it is so good I want to read a little bit to you.

There is a paragraph or two that I just want to refer to, because I think it speaks to some of the matters we are talking to today.

"Pour moi, la fédération canadienne est autre chose qu'une simple épreuve de force entre les différents gouvernements. Le pouvoir fédéral est plus qu'un gardien à qui on a confié un bâton plus gros que les autres.

Nous sommes à l'aube d'un authentique recommencement national. Si nous sommes capables de substituer le parti pris de l'entente à celui de la discorde, si nous adaptons comme attitude d'ouvrir des avenues de solutions plutôt que de dresser des obstacles, si nous choisissons d'écouter pour comprendre plutôt que de condamner sans entendre.

And that was the philosophy that in modest part that certainly brought me here and I think it was probably yours as well.

With regard to the idea of a mechanism that would be helpful, we discussed it at Meech Lake at our first meeting last November and I proposed then that perhaps we should get together at least once a year to harmonize our strategies and as Premier Lee said at the time we certainly came to an agreement very quickly on that point. How we might do it was something else, but clearly in a federal state such as ours it is improvident, to say nothing else, that if you are in quest of any sense of national direction or economic harmony, it is unlikely that you will achieve it by failing to meet and failing to understand each other's points of view.

So in January I made a specific proposal on this matter which all of you have endorsed and I am happy -- I am happy to advise that we signed that instrument at our working lunch today.

Consequently, it gives me great pleasure to announce today the establishment of a new, permanent institution of Canadian federalism, the annual Conference of First Ministers. We will meet annually to ensure greater understanding and closer co-ordination between the two levels of government. We will assess at our annual meetings the state of federal-provincial relations, exchange information to facilitate governing in our respective jurisdictions and seek consensus on shared objectives for the 11 governments in Canada.

I don't think there is any doubt but that

certainly in the immediate future that these conferences which we hope can be held in the final quarter of each year so as to enable us to take stock before we prepare for budgets which at the national level I should tell you we hope to bring in at a fairly regular time early in the new year so as to indicate clearly to the country and to the business community and to the provinces where we stand and the kinds of approaches that we will be taking, what our requirements are and so on. This in many ways should have the effect of providing a greater degree of stability for those on whom we count to create employment and they will certainly know the rules of the game for an extended period of time at the beginning of every year.

Prior to that, of course, there will be consultations with management and labour and major consultation with the First Ministers in I suppose much the same way as we have done in a fairly fruitful manner these last couple of days.

C'est alors que je mentionnais avec fierté que j'annonce que nous avons conclu cet accord qui est un instrument important dans le renouveau au nouvel approche vis-à-vis le fédéralisme de nature à le rendre plus souple, plus équitable pour tous les partenaires.

So inasmuch as this is our last formal session before the cameras, I would ask all of my colleagues to give us a closing remark, beginning with the Premier of Ontario.

HON. FRANK MILLER: Thank you, Prime Minister. This has been my first meeting. It has been a very, very friendly meeting, a very encouraging experience. I really do believe a new era began here.

The meeting has served, I think, many purposes and not the least of which has been to show to the people of Canada that we can work together in their best interests and that we intend to work long after this meeting has ended.

Now, we came here with our first priority being the creation of permanent, productive jobs for our people and I believe we have made good progress in that direction. We have to re-dedicate ourselves to employment equality in particular in pursuing that objective if we are going to have any kind of a broader notion of fairness as it applies to the many individual Canadians so that they can participate in our economy.

I want particularly to address the challenge we face in making sure that there is equality and equity for women in Canada. We will only achieve that goal if we are prepared to show real leadership and make some tough decisions but those decisions shouldn't be created or caused by a desire to eliminate a problem or resolve an outstanding issue. Rather, we should be moving forward and encouraging the private sector to follow us because it is fair, because it is right, because it presents a tremendous opportunity which Canada and Canadians can and must seize and benefit from. I was particularly pleased with the new training programs and initiatives outlined by Flora MacDonald and the government because they will help young people, women and those who have been displaced by technology to re-enter the labour market. We have to keep on helping women to enter non-traditional occupations as well as those where growth will be rapid in the coming years. We have got to help women entrepreneurs to start new businesses. We have to have bridging training and more flexible scheduling, concern for the provision of adequate child care, all of those matters will make it easier for women to find a permanent place in the work force.

I am also pleased by the fact that these new training programs recognize the very deep concern all of us share with regard to the effect of unemployment on large numbers of young Canadians. In terms of the decisions we made here I was particularly pleased by the broad support for ways to improve equity capital in Canada, to provide tax incentives which should lead to new

investments and new jobs. We look forward with my colleagues in the other provinces and the federal government to looking over a variety of tax proposals and other measures we talked about that might help us in that result and of course the one that Ontario was particularly strong on, removal of the corporate income tax on small business where the profit is retained by that business to create the jobs through investment.

As a former Minister of Industry and Trade, I am particularly pleased at our support for the principles of a national strategy for export development. When it comes to export and trade policy our priority has to be jobs and I am confident that the primary result of our approach to exports will be one of helping the private sector to generate the thousands of new jobs we need. Now that requires great access to the foreign markets as an integral part of that process, particularly the U.S. market. Ontario, as you know, is adopting a cautious attitude when it comes to deciding what route we should take because we believe a careful assessment of all of the implications and options has to be reviewed before we go forward with this. It is the only responsible way in which we can be sure that we reach the right decision for Canada and for all Canadians.

I suggested today there should be a co-ordinating office which would assist all of us to review these issues and would assist us to look at the

negotiations in a sensible, sensitive, responsive manner.

I am very, very happy that we have agreed to move in the direction of reducing rather than increasing trade barriers between the provinces. Indeed, Mr. Prime Minister, I believe that the citizens of our country, the taxpayers should be pleased with the attitude of co-operation the positive approach to those differences which exist which I believe can't help but build a better economy for all of us, more security and in the final analysis a more socially justified and fair Canada. Thank you.

THE CHAIRMAN: Thank you for that, Mr. Premier.

Je demanderais maintenant au premier ministre du Québec.

MONSIEUR LEVESQUE: Merci, monsieur le président.

May I emphasize that it always goes by the boards. Mr. Miller just took five minutes. We had an agreement on three or four and French is a little bit lengthier than English, more nuancé so to say.

THE CHAIRMAN: But the clock is running.

MR. MILLER: Je vais parler en français pour vous.

MONSIEUR LEVESQUE: Non, non, non.

Alors, monsieur le président, pour commencer par un 'under statement' vraiment très 'under', le moins qu'on puisse dire, c'est que cette rencontre de Régina n'aura pas été inutile.

C'est la première fois depuis 1982, et on a tous des souvenirs de 1982, on dirait que c'est presque dans un siècle passé, c'est la première fois qu'on a l'occasion -- et on vous en remercie tous très très sincèrement de faire le point ensemble sur l'état de la situation économique et de proposer un certain nombre de solutions que nos ministres devront sûrement approfondir dans certains cas mais des solutions pour essayer, d'abord et avant tout, de créer, de maintenir, d'inventer au besoin, plus d'emplois. C'est ça la préoccupation centrale.

Moi, à mon humble avis -- enfin, c'est mon impression, je pense qu'on la partage tous -- c'est qu'on a fait ça non seulement avec sérieux, dans l'honneur, avec même des fois un bout d'enthousiasme, mais surtout avec beaucoup de préparations sérieuses et même exceptionnelles dans certains cas.

Je dois dire une chose qui m'a frappé parce que j'écoutais depuis le début les interventions de notre président de la conférence, il est quand même nouveau, presque aussi nouveau que le premier ministre de l'Ontario, c'est assez exceptionnel la façon dont vous avez réussi à 'dealer', monsieur le Premier ministre fédéral, la plupart des dossiers sans avoir l'air -- parce qu'on a déjà connu ce genre-là -- sans avoir l'air en même temps d'un Jos connaissant, c'est fatigant des Jos connaissant.

Donc, il me semble qu'on doit se réjouir du climat, c'est important, dans lequel la conférence s'est déroulée. C'est évident qu'on n'est pas d'accord sur tout et on ne le sera pas nécessairement toujours parce qu'on a tous des priorités.

C'est le Premier ministre Lee qui disait: "Each region, each province, has its identity, its economy, etc.", c'est particulièrement vrai pour le Québec, je pense que vous l'admettrez.

Alors, il y a plein de spécificités mais il y a aussi des problèmes qui sont communs, qui appartiennent à tout le monde et auxquels tout le monde doit s'attaquer.

Le fait qu'on ne soit pas toujours d'accord sur les remèdes à apporter, on va finir par y arriver. Un exemple, c'est la politique monétaire. On verra. Ca ne doit pas, il me semble, modifier cette attitude fondamentalement positive et cette volonté qu'on a de faire front commun pour répondre aux aspirations, toujours cette insécurité sur l'emploi qui est générale, qui est universelle d'un océan à l'autre et, également, universelle aussi la préoccupation de bien confronter les marchés internationaux.

Ca ne nous empêche pas 'to agree, to disagree' à l'occasion. On verra.

Si vous me permettez avant de terminer, je voudrais relire très rapidement sur deux ou trois aspects spécifiques de nos discussions mais en mettant

une petite préface qui serait les phrases que j'ai entendues revenir le plus souvent.

Il faut une plus grande collaboration entre les gouvernements, il faut une harmonisation des interventions: programmes, politiques, règlements, et caetera, des deux ordres de gouvernement. Il faut éliminer les dédoublements ou les duplications, enfin peu importe les mots qu'on emploie, et surtout pour l'amour du ciel, avoir la volonté très ferme de ne pas en fabriquer de nouveaux.

Il faut des politiques fédérales qui ont le droit d'être autonomes, de se développer de façon autonome, mais qui n'oublie jamais aussi d'appuyer les priorités des provinces, en tout cas de ne pas contredire ou contrarier les priorités des provinces.

Tout ça, et là je vais être plus spécifique, s'applique particulièrement bien aux programmes -- c'est extraordinairement vaste et complexe ça -- aux programmes de création d'emplois, de maintien de l'emploi, de formation professionnelle, de recyclage, de bonification, 'upgrading of jobs'.

C'est tellement vaste que là c'est évident qu'une chatte peut littéralement perdre ses petits, comme on dit en français, si on ne fait pas attention et on a tous accueilli très favorablement les propositions de madame MacDonald quant à la répartition du même 900 millions ou un milliard qui était déjà prévu mais, quand même, une répartition qui a quelque chose de très nouveau de cet argent pour répondre aux besoins de formation et aux problèmes spécifiques qui se posent un peu partout.

Pour que ce soit efficace au maximum, il y aura lieu d'éviter, je crois, la mise en place de grands programmes 'quote and quote', entre guillemets, de grands programmes nationaux qui ne sont pas toujours adaptés aux besoins de chaque région, qui sont rarement adaptés aux besoins de chaque région et alors qu'il faut tripoter de nouveau à tous les six mois.

Il faudrait tenir compte aussi, ça c'est très très important, des programmes et des actions qui ont déjà été mis en place ou mis en marche par les provinces parce que c'est vain dans beaucoup de cas et je dois vous dire que ce n'était pas tellement vrai jusqu'à il y a quelques mois au niveau fédéral, c'était du 'make work, 15 weeks on welfare -- 15 weeks on job'.

Alors, il faudrait tenir compte des efforts qui ont été faits et éviter de se marcher sur les pieds puis il faudrait une utilisation des structures des institutions qui sont déjà là, qui sont, si vous voulez, des centres d'accueil pour les programmes et je dois dire que ça s'applique particulièrement au Québec. Je ne veux pas dire que ça ne s'applique pas ailleurs mais, à cause de la différence, ça s'applique beaucoup au Québec.

S'il y a un domaine où justement la différence du Québec est pas toujours capable, est rarement capable même parfois de s'adapter aux grandes politiques pancanadiennes, c'est celui de la formation professionnelle. Ce n'est pas de notre faute, on ne peut pas changer ce qu'on est. Après

les plaines d'Abraham, on aurait peut-être dû s'adapter, s'annexer, s'assimiler, puis là il y aurait comme disait Diefenbaker: "One language, one nation, one ..." mais oui, mais -- we can't do it now, it's too late.

Ca fait que s'il y a un domaine en particulier où cette spécificité du Québec doit s'appliquer, c'est probablement celui de la formation, du recyclage, et caetera.

Comme madame Lalonde, notre collègue, Francine Lalonde, le soulignait hier, c'est pas nouveau ça, c'est une position historique du Québec. C'est qu'on croit que le Québec devrait être chargé de la mise en oeuvre, d'être maître d'oeuvre de l'élaboration des politiques de formation sur son territoire.

Ce n'est pas compliqué. D'abord, pour éviter le dédoublement puis le gaspillage d'argent, O.K., ça c'est vrai partout. C'est parce qu'on a aussi beaucoup d'expertises puis on a des infrastructures pour assumer cette responsabilité mais, surtout, quelle que soit sa forme, quelle que soit l'époque de la vie, on a tous besoin d'être recyclés à l'occasion -- ça va nous arriver à tous -- quelle que soit l'époque de la vie où tu dois te recycler, l'éducation permanente, c'est parce que justement ça touche l'éducation et, qu'on le veuille ou non, ça c'est vraiment -- dans le cas du Québec en particulier -- absolument essentiel qu'on sache dès le départ qu'est-ce qui se passe.

C'est encore plus vrai si on pense à la complémentarité qui existe, c'est des vases communicants, entre le milieu de travail et la

formation en établissement et l'éducation.

Alors, sur ce point, je termine là-dessus et j'ai presque fini, je m'en voudrais de ne pas rappeler les efforts qu'on a faits et qu'on doit faire encore et accentuer dans tout ce vaste secteur pour permettre aux femmes d'occuper sur le marché du travail la place qui leur revient.

Ca fait longtemps qu'on en parle, ça commence à se faire, en droits c'est fait mais, dans les faits, ça a encore beaucoup de chemin à parcourir et je sais que madame MacDonald, particulièrement avocat de ce côté-là, bien vous pouvez être sûre de notre appui dans cette direction-là.

En particulier, on disait hier, il va falloir s'attaquer aux barrières qui restent, non seulement la rentrée des femmes sur le marché du travail mais qui bloque la progression et leur mobilité aussi trop souvent.

Je n'ai pas envie de revenir, excepté sur la pointe des pieds, sur la politique monétaire et les taux d'intérêt. Je suis conscient que ce n'est pas un sujet facile mais je voudrais quand même rappeler que les chiffres font un petit peur.

En 1982, quand monsieur Lougheed, nos collègues et moi, on rencontrait l'ancien gouvernement, le taux réel d'intérêt était de 5%, aujourd'hui il est de 7% et l'inflation n'est, aujourd'hui, que de 3½%.

Donc, il nous semble assez évident -- au moins, est-ce qu'on pourrait dire qu'il est absolument essentiel qu'on évalue au mérite le plus vite possible les effets simplement de la politique monétaire actuelle.

Peut-être nos ministres des finances pourraient se rencontrer dans les semaines qui viennent pour essayer de réfléchir. On a fait un lapsus la semaine dernière, on avait un gros problème à Marine Industrie qui est un chantier maritime au Québec et on a nommé un comité de médiation et il y a eu une erreur de typographie.

Alors, on a reçu une copie qui disait: "On nomme un comité de méditation". Y a-t-il moyen de nommer un comité de méditation sur la politique monétaire au plus sacrant, s'il vous plaît?

Pour le reste, je n'insiste pas, sauf pour dire ceci. C'est vrai qu'on vient de vivre une conférence, enfin on achève, qui aura vraiment été un catalyseur d'abord et avant tout d'un climat et, ça, ça peut aller très très loin.

On dit toujours: "One swallow -- en français, c'est 'does not a Spring make' -- in english, it's a Summer make". "Swallow, I don't know..."

LE PRESIDENT: Une hirondelle fait pas un printemps.

MR. LEVESQUE: Well, we've got a flock of swallows over the last few months.

Ca ne fait pas encore le paradis sur terre puis on a encore beaucoup de problèmes à rencontrer mais

je crois, en tout cas je vous donne mon opinion très simple, c'est la, à mon humble avis, la conférence fédérale-provinciale la plus agréable et, en même temps, la plus stimulante que j'ai vu depuis huit ans et un peu plus. Evidemment, j'ai pas l'expérience de monsieur Hatfield ou d'un autre doyen mais, huit ans, c'est un bail et c'est la première qui donne l'impression qu'on part avec l'espoir qu'on va aller plus loin.

Il reste beaucoup de problèmes, comme le problème constitutionnel -- ça c'est presque bilatéral -- on aura l'occasion de s'en reparler, comme on avait dit, entre Pâques et la Trinité parce qu'il fallait quand même commencer, je crois, par admettre l'absolue priorité des problèmes économiques ou socio-économiques et je pense, sans s'imaginer qu'on a changé le monde, on a fait quelque chose de très valable depuis deux jours puis grâce en grande partie à la préparation que vous en aviez faite, alors merci à tout le monde et merci aussi à vous, monsieur le président.

LE PRESIDENT: Merci, monsieur le Premier ministre. Sans aucun doute on va se revoir pour discuter de d'autres dossiers.

MONSIEUR LEVESQUE: What was the timing?

THE CHAIRMAN: It was just fine. --

Well, the 'entrée en matière' was 4½, it was just fine. On passe maintenant au Premier ministre de la Nouvelle-Ecosse.

HON. JOHN M. BUCHANAN: Thank you, Mr. Prime Minister. Well, I am going to join with my last two colleagues and simply say that this conference has been a big success as far as I am concerned and I know the people of Nova Scotia will agree that it has been a success, not just the rhetoric that we have heard around this table for the last two days, but it was real, it was a real success and I am sure that even some cynics who watched this will agree that there was a measure of success even for those cynics.

In terms of other conferences I have attended in the past seven years, it was a breath of fresh air, there is no question about that. It has also been rather historic, Mr. Prime Minister, in that we signed at noon hour an accord which will now ensure that this conference will be an annual event and that is historic. The conference has been very positive in terms of attitude and that is very important. It is vital to the success of any conference and the attitude here has been positive. It has been successful in terms of substance. We have seen agreements on job creation, we have seen the agreement on the annual conference, we have reached a consensus on regional development. We have an agreement and consensus on opportunities and jobs in the work place and business for women, a sincere recognition of that. I may say partly because of

the lady seated to your right who has added quite a bit to these deliberations.

We have seen a consensus on training and retraining. We have seen a consensus on investment and we have seen more consensus on trade than we have seen before at other conferences. Mr. Prime Minister, without in any way wanting to appear or to be in any way patronizing because I am not, this conference has had excellent, able and dedicated leadership in the person of you, the Prime Minister of Canada. You set the tone months ago. You set the direction months ago and during this conference and we, the First Ministers of the provinces, we were able to follow that direction and we were able to co-operate because of your chairmanship.

Mr. Prime Minister, we I think have been able to successfully in this conference set the tone for the future. We have also been able to set the direction that this country must take in the future. We have addressed probably the most serious problem confronting Canadians today and that is jobs. I think we have done it very well. I think we also have generated in Canadians as a result of this conference a new pride in this great country and it is a great country and while recognizing that it is a great country from British Columbia to Newfoundland, we have also recognized something that is very important to Nova Scotia. We firmly recognize that this is a country of regions, regional differences and regional disparities,

regional diversities. They were addressed and there was a consensus on that but there is also a firm recognition that we are all Canadians and in British Columbia they want Nova Scotians to be successful and in Ontario, Ontario wants B.C., Newfoundland, Nova Scotia and New Brunswick and P.E.I. to be successful. I am sorry, and Québec, definitely, our great neighbour Québec. There has also been a firm recognition that Alberta recognizes that also and Manitoba. Why did I start this anyway?

A SPEAKER: Have you left anybody out?

HON. JOHN. M. BUCHANAN: I don't think I did.

THE CHAIRMAN: You started off well.

HON. JOHN M. BUCHANAN: That is why I shouldn't start thanking people or recognizing provinces but there has been also, Mr. Prime Minister, a firm recognition for the first time that I have seen around these conferences, a firm recognition of federal-provincial jurisdictions and responsibilities. Mr. Prime Minister, before closing I also want to recognize and pay tribute and congratulate your ministers and our ministers who behind the scenes have been able to work the format of the meeting for us, the documents for the meeting for us, do all of the research that was necessary. They have done it very diligently with great competence and we owe a debt of gratitude to our ministers and to all of their officials.

Mr. Prime Minister, the people of Canada who have been viewing this conference will view it as a conference of success, but they will only continue to believe it has been a success if we follow it up and the atmosphere of today will continue and the co-operation will continue and there will be more substantial and substantive decisions.

Now, sir, in closing, I want to congratulate you on taking the bold step of moving this conference from Ottawa to Regina, Saskatchewan. Now that you have had this conference in western Canada and now that we have decided that this conference will be an annual conference I invite you to come to the Warden of the North, Halifax for the next conference.

A SPEAKER: How about Cape Breton?

THE CHAIRMAN: We were thinking of Manicouagan, but we will take that after. Would that be all right?

HON. JOHN BUCHANAN: Yes.

THE CHAIRMAN: The Premier of New Brunswick.

HON. RICHARD HATFIELD: Mr. Prime Minister, I want to say to the people of Canada, I want to say I told you so. I have argued for a long time that we were never going to really come to terms with correcting the economic problems or the unemployment problems or the other kinds of problems we had in this country unless we as political leaders work together and demonstrate to the people of Canada that we can work together and the great success and the point that marks this conference is being unique is that it has demonstrated that the process can work.

I believe, as it has been said, a lot of work has gone into making sure that it worked, because I think, Prime Minister, you had a lot at stake here. You gave certain undertakings to the people of Canada and you find that the resources available to you, as we all do as Premiers, resources available to us are extremely limited, but the people of Canada are realistic and they do understand that if you don't have the money at least work on the problem. If you can't solve the problem with money at least recognize the problem.

I think we have demonstrated here and I think another unique aspect of this conference is the fact I think women have played a part in this conference and women have been very much a part of this conference and they weren't an item on the agenda. There was no item that said women's

issues, but women had -- they have results from this conference and they had an impact on the outcome of this conference and I think that is very significant and very complimentary to the status that women now have achieved, especially complimentary to those like Flora who have worked so hard for so many years to make the day arrive when they would be considered and not have to be kind of a bracket of a policy.

Prime Minister, you received from the people of Canada a massive vote of confidence a few months ago. I want to say to you today that you deserved it and I believe the people of Canada believe that you are -- you have demonstrated that you are worthy of the vote that they gave you.

Thank you.

THE CHAIRMAN: Thank you, Mr. Premier, very much.

Premier Pawley.

HON. HOWARD PAWLEY: Mr. Prime Minister, I want to add my compliments to those that have already been voiced towards your capable chairmanship to this conference over the past two days. It has been excellent.

I also think it is important here to acknowledge the fine work which Premier Jim Lee as Chairman of this year's Premiers' Conference did on behalf of other Premiers on the preparations and lead-ups to this conference and of course I want to thank Premier Devine for his excellent and warm hospitality in welcoming us to Saskatchewan.

Mr. Prime Minister, in your opening statement yesterday you identified four key policy requirements for

building confidence and for building renewal. The four requirements were harmony, consistency, predictability and stability. We have no trouble agreeing with each and every one of those principles.

At the same time, as I said yesterday, Manitoba believes strongly that another principle must be on the list. That principle is fairness and national consensus will only have support and will only deserve support if it is fair to all regions, to all provinces, if it is fair to individuals, to working men and women, to those who can't find work, to the elderly, to native Canadians, to young people, to farmers, small business and others. I sensed that this principle is generally accepted around this table. In our discussions of the impact of interest rates, of regional development, of the importance of strong action to ensure economic equality for women, that in itself is encouraging for us all, for our governments, to feel that this conference has been worthwhile.

We are also pleased that employment growth, job creation has been affirmed repeatedly as a top priority of our governments. We had a good discussion on regional development and I think the best discussion that I can remember at a meeting of this nature and we have, I believe, undertaken some very solid principles to continue on with further work.

The same is true of training. We achieved less agreement in other areas, but I don't think that should be unexpected insofar as any one of us are concerned around this table. But there was a clear consensus that a

renewed surge in interest rates can't be allowed to choke off the national recovery that we all seek, and there was acknowledgement, acknowledgement by a number of us of the role, the importance of public investment in our mixed economy.

Prime Minister, I would be very surprised if you don't hear the same messages at the National Economic Conference with business and labour next month. I would like to read to you a short part of the communique from a major economic conference we held with business and labour in our province in December:

"Investment policies both public and private were seen to be at the heart of the planning for an economically-strengthened Manitoba. The critical inter-relations of governmental investment planning at the federal, at the provincial levels with those of the private community are essential to planned, steady, coherent economic growth."

Here in Regina we have made good progress I think in our discussions concerning measures to ensure the economic equality of women. I will circulate the policy principles we have proposed for review. I would hope that they may be useful input for the National Summit Conference. They should also be discussed at the Conference of Ministers Responsible for the Status of Women in Winnipeg in June, and I would hope that they would be on our agenda for our full-scale conference to be held in April, early April.

Yesterday I said that the key test of the success or failure of this conference will be the action

that we take to follow it up. For the people of Manitoba one of the most important tests will be whether our province and our citizens are treated fairly by the government of Canada in the future.

Manitobans have already borne a heavier than average share of the burden of the November 8th federal expenditure cuts and we are threatened by a \$72 million cut in equalization payments. It comes at a time when our share of total federal investment is declining, not increasing. Prime Minister, these concerns must be resolved fairly, they must be resolved soon.

We will also be looking forward to fair treatment in the allocation of the employment, the training program funds that you announced yesterday, and we will be looking carefully as well at the kinds of tax measures which may be proposed in the next federal budget. We feel such measures must represent real reform, a fairer tax system for all Canadians.

And we are expecting to sign new tourism, industrial development agreements under the Canada and Manitoba ERDA agreement in the near future in line with your government's commitments. Prime Minister, because this conference began on Valentine's Day and because the atmosphere of this conference has been positive and constructive, unlike some others that we can recall in recent history, some of our friends in the media have been referring to this conference as a meeting, as a love-in and I have no real problem with that, but I think it is worth remembering today the test of any good friendship

or marriage or any genuine human relationship is whether it is a fair relationship, where the good and the bad and the benefits and the burdens are shared fairly by all the partners.

That is our Valentine's message today, Mr. Prime Minister, to the government and to Canada and I know that you have heard it clearly. My colleagues and I look forward to building on the process that we have made at this conference and I look forward too, Mr. Prime Minister, to seeing you and our colleagues at our next round of meetings.

Thank you very much.

THE CHAIRMAN: Thank you, Mr. Premier.

Premier Bennett.

HON. WILLIAM BENNETT: Thank you, Prime Minister. I will take my four minutes in Celsius and so I will try to be a little quicker.

Prime Minister, my congratulations as well to your conference for your chairmanship and to Grant Devine for his hospitality and for Jim Lee on his representation leading up to the conference. Really, Prime Minister, I would like to thank you for the conference that nobody saw on television and that is the Ministers sitting beside you and behind you who during this conference while we are on camera has been agreeable to meet with our Ministers, have their officials work with ours to work on details on not only the programs that we have been discussing and that have been so visible, or to work on the ideas that have been suggested here to see if we can develop them together, but to just

generally make themselves available and co-operate in a way I have never seen before. Governments getting along together aren't just saying nice things on television. There is the practical application of dealing with your Ministers who have got tough decisions to make. You have got a deficit problem, you have got a budget problem. It has been growing for three years as have all provincial governments been facing the same thing.

So I want to thank you for the conference, the side that will really make this work because a lot of the public are saying "Well, we saw them talk and it is all nice but will it work?" I say yes, because those who will make it work have been working along with us during this conference and after it is over.

The other thing that I appreciate in this conference because I am not going to go through all the things people heard us say or decide my priorities because we have agreed on various ways in which solutions can be found and worked on ways. I would like to say that there are a lot of people out there waiting for these results. There are a lot of people still unemployed. There are a lot of businesses who haven't failed but who are failing through interest rates, loss of markets, and therefore it is going to be very important that when we go home as Premiers that we quickly implement those things we have said we would do here to get positive action for the people of our country.

Three years ago I was at a conference in Ottawa in which we all recognized the same problems but nobody could come to a common solution in 1982. Deficits were mounting, expenditure was out of control, wages in the public sector were in double digit, unaffordable as the private sector fell and that was the most depressing conference I have ever been at, but we in British Columbia went home, shared the problem with the people of British Columbia, shared the solution, as

tough as it was and now three years later we are in a financial condition in British Columbia to implement many of the incentives we have discussed here, provincial and federal, to implement many of the policies and because we took that action financially we have the capability in the future now to provide a better climate for business and industry to locate there and that means jobs for British Columbians so today I go home and I will go back from a different kind of conference and I intend again to share with the people of British Columbia what went on here and the solutions that will lead to recovery over the next five years, a much better message than I had to take to British Columbians three years ago, a much more positive message and one I will be pleased to deliver. Thank you, Prime Minister.

THE CHAIRMAN: Thank you, Mr. Premier. I would like to ask the Premier of Prince Edward Island who has been quite properly noted as the Chairman of the Conference of Premiers largely responsible for the success of what we have been able to accomplish and very helpful to me as a new Prime Minister getting started. Jim.

HON. JAMES. M. LEE: Mr. Prime Minister, I have to agree with my colleagues around the table that there certainly has been great success over the past two days. There is a great feeling of confidence in Canada today. I have to say that confidence certainly stems from our discussions that we have held over the past two days and the atmosphere

which prevailed during our talks. We have come together as First Ministers to tackle some of the major concerns, jobs being one of them facing the future of Canadians, issues that go right to the heart of our problems. Points that have impact, an implication on every citizen of this country. Prime Minister, I would say that much of the credit rests with you, sir. It is almost unbelievable as has already been said the change in attitude of the federal government, but I must make the point that probably we will not always agree when we get together to hold discussions on what is best for Canada, but if we always agreed certainly there would be no purpose for holding such conferences as this to deal with these issues.

I urge that this process that we are in here today be continued and I am prepared to work towards another First Ministers' Conference to follow up on the ideas and the points raised here in Regina over the past two days and to take a new challenge in the months ahead that we must take.

On the topic of regional economic development I must again express my pleasure at the depth and the understanding you have displayed. It is refreshing that we are working on the same wave-lengths, that we both had the same final objectives, a better Canada for all Canadians, a better opportunity for our young people and the women wishing to enter the work force, seeking jobs and the fulfillment of that unemployment that must be retained.

I hope that Canadians in Atlantic Canada in particular will be reassured that regional economic development is still a goal of this country, that the federal government is willing to listen to our needs, to take into account the regional differences of Canada and to tailor those federal programs and policies to best suit the needs of all Canadians in all regions.

I was also pleased to hear the topic of agriculture entered into discussion here over the past two days. Many farmers in our country are in a crisis situation and that problem must be addressed. Again, I believe that it can most effectively be addressed through co-operation taking into account the regional differences. Mr. Prime Minister, I want to thank you for the opportunity to meet and discuss these very important topics. We are well on the road, I feel, to a much brighter and better future.

Premier Devine, I want to thank him for his Saskatchewan hospitality that he has shown to all of us. Thank you.

THE CHAIRMAN: Thank you, Mr. Premier. Premier Devine.

HON. G. DEVINE: Mr. Prime Minister, I want to say thank you to you for coming to Regina. We have really enjoyed hosting this conference and the people of my province are going to be proud of this for some time to come. I want to say thank you to Jim Lee for all the work you have done in helping me co-ordinate

this and put it together. I want to say thank you to my fellow Premiers and to all the officials and staff that worked pretty darned hard to make this happen and it has taken a fair amount of work.

Picking up on Howard Pawley's fairness I think this was a pretty fair conference. I think this is a conference about people and a conference for people. It was a mile-stone for not only Regina, Saskatchewan, but I believe a mile-stone for the country because there is a new attitude here and at least I feel when people are talking about weaknesses we are talking about -- I think the foreign investor has a new view of what Canada is going to be like and he knows or she knows they are going to be welcome. The unemployed young person will know there will be less duplication and more direct focus on them. The taxpayer will begin to realize there are not eight of us after him all the time. We are going to look at things that will be more meaningful. The farmer will see his governments now extending into world markets and being much more aggressive and working towards lower costs which are extremely important including lower interest rates and for a lot of hard-pressed mothers they are going to see us working towards lower and lower costs for household goods which I believe is really important.

Finally, it seems to me that we are committed to building on our strengths rather than building bigger governments and that to me is extremely important. The strengths of women in business are important. The

strengths of youth in our communities are important, the strengths of natives in our provinces as real competitive Canadians, strengths of farmers and fishermen, strengths of the regions. Mr. Prime Minister, I believe that we showed a political maturity these last few days, a sophistication that Canadians knew we could muster and for all those that would recognize pioneers in Alberta, Manitoba and Saskatchewan they have a saying that when things get kind of tough, "You don't say "whoa in a mud-hole". Well, it seems to me that co-operative federalism is alive and well and much of the credit is due to you. Thank you for coming to Regina.

THE CHAIRMAN: I was just going to ask Premier Levesque how he and I might translate that.

M. RENE LEVESQUE: I was thinking about it.

LE PRESIDENT: On va y penser. Thank you, Mr. Premier. Premier Lougheed.

HON. G. DEVINE: That goes along with haywire and snoose.

M. RENE LEVESQUE: Haywire, we have got it.

THE CHAIRMAN: Premier Lougheed.

HON. PETER LOUGHEED: Thank you, Prime Minister. I have been sitting here thinking about the real difference between this conference and other conferences that I have attended and the first part of it is, Prime Minister, you opened by referring to us as colleagues and partners and meant it. That is something else that is different too. It is about one of differences. I don't know, everybody in this room just knows that we are going to have differences. That is inevitable. What is really different about this conference is how we are dealing with the differences and we are not dealing with them with acrimony or with closed minds. We are taking and exchanging views and thinking about them and that really seems to me a key in why this conference is so different than many others that I have attended. I am really pleased that we have at least had a short time to discuss the farm situation in western Canada and your assurances, Prime Minister, that you will put that high in your priorities. It is a matter where we should have perhaps put more emphasis on but I sense that you are aware of it and I really do feel and hope after all the farmers who have been listening here that they will think it is the federal government and I see nodding heads behind you from some

of your colleagues that that issue will really move up the ladder of priority.

I made a couple of proposals yesterday, a real deep concern that we don't have a new set of interest rate increases based on trying to protect the Canadian dollar against the American dollar and I hope regardless of how you handle it that you sense from the other Premiers around here that that is a very, very fundamental matter for Canada.

I made a proposal today that Canada was ready for a bold move in terms of trade relationships with the United States and I hope that you will at least explore that with the President of the United States next month. When I look at a conference I like to look at tangible evidence. It wasn't so much the nature of the dollars that were involved in your proposal that you and Flora brought here yesterday, but it was the way that it was done by responding to the provinces in really trying to harmonize the federal and provincial points of view that we all mentioned. I think that is a tangible item of progress that came out of this conference but you know and I know, sir, that there are many difficult problems in a confederation like Canada. We in Alberta and with Saskatchewan and British Columbia face a real crucial test on the dismantling of the national energy program and your red barn speech. We are very, very aware of it. It means not a lot just to governments, but to people in the western region of Canada and in all of Canada. I happen to be so pleased

about that agreement that we signed that I don't want to tell how many times I have said over the years that I have been in public life, "Can we show that the federal system works in Canada by regularizing and institutionalizing on a particular time each year the First Ministers' Conferences?" There is no way I am going to leave here without a big smile on my face I am so pleased about that. That is a major step for the country.

My final comment is confidence is a key for Canada, confidence in ourselves and in our institutions and what really happened here today is that I think many, many, many Canadians have watched us probably and when it ends they will be able to turn off the television and turn to whoever is in the room with them and say "You know, confederation is working in Canada." Thanks, Prime Minister.

THE CHAIRMAN: Thank you, Mr. Premier.

Premier Peckford.

HON. R. BRIAN PECKFORD: Mr. Chairman, as the bad boy of confederation I would like to think that this conference started at 11:42 on Monday morning in St. John's, Newfoundland when we signed the agreement between Canada and Newfoundland on off-shore resources.

What we were signing there in the immediate term was to get on with the development of the largest oil field in Canada's history and perhaps the largest potential for hydrocarbons that we are going to see in Canada in the next century.

We are not new to things being large as it relates to resources, Mr. Prime Minister. We still have the largest fishing resource off our shores and let it be recorded for the benefit of those people around this table who might not know that we are involved together as two governments in the restructuring of that industry, with the fervent hope in an agreement that it will be placed in the private sector as soon as is feasible over the next few years.

I am as pleased as everybody else is around this table about this conference and about the attitude, atmosphere and environment that prevails and permeates this room and all the delegations. I want to particularly eradicate that bad boy image and pay tribute to the Hon. Sinclair Stevens. Being a central Canadian we were a tiny bit suspicious to his appointment to the Ministry of Regional Development, but I have got to say in all fairness, Mr. Prime Minister, that that honourable gentleman has changed my mind about how some other people in other political parties view Canada. We have had experiences in the past where nobody really wanted to look beyond central Canada, but Mr. Stevens has shown us that there is understanding and reason prevailing and that we are able to work together on a number of very significant agreements for Newfoundland. So I am as

pleased as everybody else is around this table about what has happened. The training agreement, I mean I don't know how many times in the last three or four years that I have had absolutely been brazen enough and brazen is the right word, to say to people in Ottawa, "Why in the name of all good sense can't you tailor your training dollars to accommodate some of the unique characteristics of the economy of Newfoundland and Labrador?" Now, we have an opportunity over the next two or three years to do just that and I thank Flora MacDonald for that opportunity.

It has been a real good conference. I still agree with a lot of the other Premiers that the follow-up is important. I understand that Mr. Stevens is about to have other meetings with the other Ministers to put meat on the bones of those principles that we have agreed to and in the same way in the investment field, in the trade field, the follow-up is going to be essential and I only hope that with the mandate that you have, Mr. Prime Minister, as everybody has mentioned, with the way we all feel around this table that we can tangibly and pragmatically over the next six months to a year move ahead to put meat on the principles that we have had a consensus on around this table.

It has been an extremely good meeting. It is, without question from where I come from, philosophically and every other way as well as geographically, the best meeting that I have ever attended of First Ministers of Canada and Maclean's Magazine would you please record that -- take the bad away and let's start talking about the good.

THE CHAIRMAN: Thank you, Mr. Premier.

When I hear compliments like that about Sinc I start to get jumpy, because I don't know whether the negotiations have begun or whether they are over.

HON. BRIAN PECKFORD: Just about over, Mr. Prime Minister. You are too late.

THE CHAIRMAN: Okay.

If I can say a word on behalf of I suppose all of my colleagues here just this once, I hope anyway that I can say with confidence that in reviewing the results of this conference over lunch I think we all agreed that some real progress had been made and that tangible results had been made in some areas which augur well for Confederation. By resuming federal-provincial co-operation, if only in a modest way in the beginning, in four key areas of economic policy we have taken a vital step I think in the complex and difficult process of restoring long-term growth and dealing effectively with the severe problem of unemployment among the young and the not so young in Canada.

I think we have begun as well and I want to acknowledge the strong contribution of all Premiers, but in particular Premier Miller in this area with his very strong statement in regard to the need for justice and equality for Canadian women in the workplace and that is particularly important of course in a heavy industrialized province like Ontario.

A lot has been said about conferences. I suppose there are good points and bad points about all of them, but I have felt for some time that maybe Parliament sometimes

sits too often and passes too much legislation with thousands of regulations going along with them and there is not enough time in this field listening to people and talking to those whose lives are impacted upon by legislation emanating from Ottawa and I hope I have proved my bona fides, Mr. Premier. Any Canadian Prime Minister who spends Sunday and Monday in St. John's and Thursday and Friday in Regina believes in the strength of the regions of the country.

Those of you who have had the opportunity of participating in previous economic conferences have stated that this meeting has been one of the most fruitful in years. I was happy to hear that, because I thought as a Canadian on the outside prior to the campaign that we couldn't go on the way we were going. I mean any reasonable, fair, objective observer irrespective of his political party could have told people that it had to change and that I believe that having made that determination that Canadians generally wanted some evidence from their leaders that these same leaders can meet without bickering and that their governments can consult without confrontation. So at the beginning of this conference I set out my own expectations and I said, because I believe, that we as leaders of our respective governments had a responsibility to indicate clearly to the Canadian people the major strategies for ensuring economic renewal in the country and that we would be in the process of being able to direct our Ministers in consequence and in these instruments of harmony that we have been trying to develop.

I underlined our obligation to begin the process in earnest by determining together Canada's economic priorities and major economic objectives and I feel that we have accomplished this essential task.

We have taken some important steps together and we all know that we have got miles to go. It is just a beginning and there are going to be difficulties and there are going to be mistakes and there is going to be heartache before we get it right, if ever we do, but I think we are headed the right way.

I am satisfied, having witnessed the co-operation and the criticism, because we have had public and private meetings and it has been vigorous and good, I am satisfied that we are at least headed the right way.

J'ai aussi exprimé le voeu que nous puissions signaler aux investisseurs et aux consommateurs canadiens qu'ils pouvaient désormais miser sur la concertation entre les deux ordres de gouvernement et la cohérence de leurs actions.

Ces signaux, non moins essentiels, je crois que nous les avons donnés. J'ai fait valoir que les hommes et les femmes d'affaires de toutes les régions du pays, ainsi que de l'étranger, étaient en droit de s'attendre de nous l'assurance d'une mesure de stabilité dans les grandes orientations économiques de leur gouvernement.

Mesure qui, sans vouloir faire le procès d'intentions de qui que ce soit, je pense que c'est un fait notoire que c'est une mesure qui a fait gravement défaut par le passé.

Cette assurance, me semble-t-il, se dégage de nos délibérations aujourd'hui.

J'ai surtout dit enfin qu'il était de la plus haute importance de redonner aux travailleurs et aux travailleuses du pays l'espoir qu'à force d'efforts continus et concertés de tous les agents économiques privés et publics.

Ils pourront éventuellement trouver place sur le marché du travail. Cette espérance, si nécessaire, surtout pour les générations montantes. J'ose croire que nous avons au moins commencé à l'affermir.

So, colleagues, we will be seeing each other in April to continue our work on aboriginal constitutional issues and to review as well as agreed in a special meeting the results of the National Economic Conference and your own views as to the economic outlook from then on.

We are also going to meet in the fall pursuant to the agreement we signed today to evaluate the progress made in implementing the approaches and commitments decided on at this Regina conference and also to begin what I hope will be an annual, an important annual event to begin in the autumn of '85, planning for a long-term strategy for '86 and so on as the years unfold.

It may not be the complete solution, but I think it is the beginning of some wisdom.

I want on your behalf to offer a special word of gratitude to Premier Devine and to the government and to the people of Saskatchewan for their generous hospitality and their really tremendous welcome. We thank you very much, Mr. Premier.

--- (Applause)

As Chairman of the conference I am grateful to all of you for your co-operation and your courtesy and as a new Prime Minister I thank you as well for your good advice and for your counsel, but most of all on behalf of my colleagues at the federal level, I thank you for working with me and with them to revitalize federal-provincial co-operation for the greater benefit of all Canadians.

A vous tous, collègues et amis, à vous
tous mes remerciements sincères. I, hereby, declare
the Regina Conference closed. Merci beaucoup.

--- 4:20p.m. - 16h20

First Ministers' Conference on the Economy
Regina, Saskatchewan
February 14-15, 1985

AGENDA

1. Attracting and encouraging new investment to help create jobs (Investment)
2. Upgrading the skills of our citizens (Training and Retraining)
3. Regional economic development opportunities based on the strength of each region.
4. Improving the competitiveness and marketing of our goods and services (International Trade)

Conférence des Premiers ministres sur l'économie
Régina (Saskatchewan)
les 14 et 15 février 1985

ORDRE DU JOUR

1. Attirer et favoriser les investissements en vue de la création d'emplois (investissement)
2. Accroître les compétences de la main-d'oeuvre canadienne (formation et recyclage)
3. Définir et exploiter les occasions de développement économique régional en fonction des avantages de chaque région.
4. Améliorer la compétitivité et la mise en marché de nos biens et services (commerce extérieur)

MEMORANDUM OF AGREEMENT
PROTOCOLE D'ENTENTE

In the pursuit of greater harmony and closer coordination among the federal and provincial governments of Canada, and in order to serve the Canadian public to the best of our abilities, we First Ministers, at a Conference held in Regina, Saskatchewan, hereby commit the governments we represent to the following:

Dans le but d'assurer une harmonie plus grande et une coordination plus étroite entre les gouvernements fédéral et provinciaux du Canada et pour servir au mieux les intérêts de la population canadienne, nous Premiers ministres, réunis en conférence à Regina, Saskatchewan, prenons, au nom de nos gouvernements respectifs, les engagements suivants:

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| <p>(1) A Conference composed of the Prime Minister of Canada and the First Ministers of the provinces shall be held at least once a year. This Conference shall be known as the "Annual Conference of First Ministers".</p> <p>(2) At the Annual Conference, First Ministers shall:</p> <ul style="list-style-type: none">(a) review the state of federal-provincial relations;(b) consult on major issues that concern both orders of government, and in particular the state of the economy;(c) consider broad objectives for governments in Canada;(d) exchange information to facilitate planning for the operations of their governments. <p>(3) In order to meet these broad objectives, the Annual Conference shall be held, where possible, in the last quarter of the year.</p> | <p>(1) Une conférence réunissant le Premier ministre du Canada et les premiers ministres des provinces aura lieu au moins une fois l'an. Cette conférence sera connue sous le nom de "Conférence annuelle des premiers ministres".</p> <p>(2) À cette conférence annuelle, les premiers ministres :</p> <ul style="list-style-type: none">(a) examineront l'état des relations fédérales-provinciales;(b) se consulteront sur les grandes questions intéressant les deux ordres de gouvernement et en particulier sur celle de l'économie;(c) discuteront d'objectifs généraux pour les gouvernements du pays;(d) échangeront des renseignements pour faciliter la planification des activités de leurs gouvernements. <p>(3) Pour atteindre ces grands objectifs, la Conférence annuelle aura lieu, dans la mesure du possible, au cours du dernier trimestre de l'année.</p> |
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| <p>(4) <i>The Prime Minister of Canada shall convene and chair the Annual Conference.</i></p> <p>(5) <i>The First Ministers shall determine jointly the agenda, dates and location of the Annual Conference.</i></p> <p>(6) <i>If First Ministers so decide, the Conference for that year will not be held.</i></p> <p>(7) <i>The Prime Minister of Canada may continue to convene other First Ministers' Conferences to discuss particular issues.</i></p> <p>(8) <i>This Memorandum of Agreement shall be in effect for a period of five years from the date of signing and shall be renewable thereafter for a similar period.</i></p> | <p>(4) <i>Le Premier ministre du Canada convoquera et présidera la Conférence annuelle.</i></p> <p>(5) <i>Les premiers ministres conviendront ensemble de l'ordre du jour, de la date et du lieu de la Conférence annuelle.</i></p> <p>(6) <i>La Conférence sera annulée si les premiers ministres en décident ainsi.</i></p> <p>(7) <i>Il continuera d'être loisible au Premier ministre du Canada de convoquer d'autres conférences des premiers ministres portant sur des sujets particuliers.</i></p> <p>(8) <i>Ce Protocole d'entente restera en vigueur pour les cinq ans suivant la date de signature et pourra être reconduit pour une période semblable.</i></p> |
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Signed at Regina, Saskatchewan,
February 15, 1985

Fait à Regina (Saskatchewan),
le 15 février 1985

Gavin Mulcahey
Canada

Miller
Ontario

William R. Bennett
British Columbia
Colombie-Britannique

Levesque
Québec

James
Prince-Edward-Island
Île-du-Prince-Édouard

W. Buchanan
Nova Scotia
Nouvelle-Écosse

Grant
Saskatchewan

Richard B. Hafeld
New Brunswick
Nouveau-Brunswick

John
Alberta

Howard Hawley
Manitoba

D. P. Pender
Newfoundland
Terre-Neuve

FIRST MINISTERS' CONFERENCE
ON THE ECONOMY

CONFERENCE DES PREMIERS MINISTRES
SUR L'ECONOMIE

February 14 and 15, 1985

Les 14 et 15 février 1985

REGINA

List of First Ministers and Ministers
Liste des Premiers ministres et ministres

CANADA

The Right Hon. Brian Mulroney
Prime Minister/Premier ministre

CHAIRMAN/PRESIDENT

The Hon. Flora MacDonald
Minister of Employment and Immigration/
Ministre de l'Emploi et de l'Immigration

The Hon. John C. Crosbie
Minister of Justice and Attorney General of Canada/
Ministre de la Justice et Procureur général du Canada

The Hon. Donald F. Mazankowski
Minister of Transport/
Ministre des Transports

The Hon. Sinclair Stevens
Minister of Regional Industrial Expansion/
Ministre de l'Expansion industrielle régionale

The Hon. Ramon Hnatyshyn
Minister of State (Government House Leader)/
Ministre d'Etat (Leader du Gouvernement à la Chambre)

The Hon. Robert R. de Cotret
President of the Treasury Board/
Président du Conseil du Trésor

The Hon. Michael Wilson
Minister of Finance/Ministre des Finances

The Hon. Charles J. Mayer
Minister of State (Canadian Wheat Board)/
Ministre d'Etat (Commission canadienne du blé)

The Hon. William McKnight
Minister of Labour/Ministre du Travail

The Hon. Walter McLean
Secretary of State of Canada/Secrétaire d'Etat du Canada

The Hon. Patricia Carney
Minister of Energy, Mines and Resources/
Ministre de l'Energie, des Mines et des Ressources

The Hon. André Bissonnette
Minister of State (Small Businesses)/
Ministre d'Etat (Petites entreprises)

The Hon. Andrée Champagne
Minister of State (Youth)/Ministre d'Etat (Jeunesse)

The Hon. Michel Côté
Minister of Consumer and Corporate Affairs/
Ministre de la Consommation et des Corporations

The Hon. James Kelleher
Minister for International Trade/Ministre du Commerce extérieur

Len Gustafson
Parliamentary Secretary to the Prime Minister/
Secrétaire parlementaire au Premier ministre

ONTARIO

The Hon. Frank S. Miller
Premier
and Minister of Intergovernmental Affairs

The Hon. Larry Grossman
Treasurer of Ontario and
Minister of Economics

The Hon. Andrew Brandt
Minister of Industry and Trade

The Hon. Dennis Timbrell
Minister of Municipal Affairs and Housing
and Minister Responsible for Women's Issues

The Hon. Russell Ramsay
Minister of Labour

QUEBEC

M. René Lévesque
Premier ministre

M. Pierre-Marc Johnson
Ministre délégué aux Affaires intergouvernementales canadiennes

M. Yves Duhaime
Ministre des finances

Madame Francine Lalonde
Ministre déléguée à la condition féminine

NOVA SCOTIA - NOUVELLE-ECOSSE

The Hon. John M. Buchanan
Premier

The Hon. Roland J. Thornhill
Minister of Development

The Hon. Terence R.B. Donahoe
Minister of Education

The Hon. Greg Kerr
Minister of Finance

The Hon. David Nantes
Minister of Labour and Manpower

NEW BRUNSWICK - NOUVEAU-BRUNSWICK

The Hon. Richard Hatfield
Premier

The Hon. John Baxter
Minister of Finance

The Hon. Joe Mombourquette
Minister of Labour and Human Resources

MANITOBA

The Hon. Howard Pawley
Premier
and Minister of Federal-Provincial Relations

The Hon. Len Evans
Minister of Employment Services and
Economic Security

The Hon. Vic Schroeder
Minister of Finance

The Hon. Eugene Kostyra
Minister of Industry, Trade and Technology

Hon. Muriel Smith
Minister of Community Services and Corrections
and Minister Responsible for the Status of Women

BRITISH COLUMBIA - COLOMBIE-BRITANNIQUE

The Hon. William R. Bennett
Premier

The Hon. Hugh Curtis
Minister of Finance

The Hon. Don Phillips
Minister of Industry and Small Business Development

PRINCE EDWARD ISLAND - ILE-DU-PRINCE-EDOUARD

The Hon. James M. Lee
Premier

The Hon. Lloyd MacPhail
Minister of Finance and Tourism

Revised for 1981
Growth and Development

1981-82
Report to the Legislature

SASKATCHEWAN

The Hon. G. Devine
Premier

The Hon. E. Berntson
Minister of Economic Development and Trade
and Deputy Premier, Provincial Secretary

The Hon. B. Andrew
Minister of Finance

The Hon. G. Lane
Minister of Justice, Attorney General and
Minister Responsible for the Employment Development Agency

The Hon. P. Smith
Minister of Education

The Hon. G. Currie
Minister of Advanced Education and Manpower
and Science and Technology

The Hon. S. Dutchak
Minister of Indian and Native Affairs

The Hon. L. Hepworth
Minister of Agriculture

The Hon. Tim Embury
Minister of Urban Affairs

The Hon. Paul Rousseau
Minister of Revenue and Finance Services

ALBERTA

The Hon. Peter Lougheed
Premier

The Hon. Lou Hyndman
Provincial Treasurer

The Hon. James D. Horsman
Minister of Federal and Intergovernmental Affairs

The Hon. Hugh Planche
Minister of Economic Development

The Hon. Leroy Fjordbotten
Minister of Agriculture

The Hon. Horst A. Schmid
Minister of International Trade

The Hon. Ernie Isley
Minister of Manpower

NEWFOUNDLAND - TERRE-NEUVE

The Hon. A. Brian Peckford
Premier
and Minister of Intergovernmental Affairs

The Hon. John Collins
Minister of Finance

The Hon. Neil Windsor
Minister of Development

The Hon. Charles Power
Minister of Career Development and Advanced Studies

CANADIAN INTERGOVERNMENTAL CONFERENCE SECRETARIAT
SECRETARIAT DES CONFERENCES INTERGOUVERNEMENTALES CANADIENNES

Stuart MacKinnon
Secretary/Secrétaire

